

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	9	0	4	8	6	4
---	---	---	---	---	---	---	---	---	---

COMPANY NAME

B	L	O	O	M	B	E	R	R	Y		R	E	S	O	R	T	S		C	O	R	P	O	R	A	T	I	O	N
A	N	D		S	U	B	S	I	D	I	A	R	I	E	S		(A		S	u	b	s	i	d	i	a	r	y
o	f		P	r	i	m	e		M	e	t	r	o	l	i	n	e		H	o	l	d	i	n	g	s	,		
I	n	c	.)																									

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

T	h	e		E	x	e	c	u	t	i	v	e		O	f	f	i	c	e	s	,		S	o	l	a	i	r	e
R	e	s	o	r	t		&		C	a	s	i	n	o	,		1		A	s	e	a	n		A	v	e	n	u
e	,		E	n	t	e	r	t	a	i	n	m	e	n	t		C	i	t	y	,		T	a	m	b	o	,	
P	a	r	a	n	a	q	u	e		C	i	t	y																

Form Type

1	7	-	Q
---	---	---	---

Department requiring the report

1	2	3	1
---	---	---	---

Secondary License Type, If Applicable

--	--	--	--

AMENDED

COMPANY INFORMATION

Company's Email Address

leovenezuela@solaireresort.com

Company's Telephone Number

888-8888

Mobile Number

No. of Stockholders

81

Annual Meeting (Month / Day)

Any Day in June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Leo D. Venezuela

Email Address

leovenezuela@solaireresort.com

Telephone Number/s

883-8920

Mobile Number

CONTACT PERSON'S ADDRESS

The Executive Offices, Solaire Manila Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo Parañaque City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
AMENDED

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarter ended 30 September 2015
2. SEC Identification Number A1999-04864 3. BIR Tax Identification No. 204-636-102-000
4. Exact name of issuer as specified in its charter BLOOMBERRY RESORTS CORPORATION
5. Philippines 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue,
Entertainment City, Tambo Parañaque City 1701
Address of principal office Postal Code
8. (02) 883-8920
Issuer's telephone number, including area code
9. Unit 601 6th Floor Ecoplaza Bldg. Chino Roces Avenue Ext. Makati City
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares Outstanding |
|---|------------------------------|
| Unclassified Shares, P1.00 par value | 11,015,717,025 Shares |

11. Are any or all of these securities listed on a Stock Exchange.

Yes ☒ No ☐

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange
Unclassified Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and [SRC Rule 17.1](#) thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ No ☐

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ No ☐

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION	4
Item1. Financial Statements	5
Unaudited Consolidated Statement of Financial Position as at September 30, 2015 and Audited Consolidated Statement of Financial Position as at December 31, 2014	6
Unaudited Consolidated Statements of Comprehensive Income for the Three Months and Nine Months Ended September 30, 2015 and 2014	7
Unaudited Consolidated Statements of Changes in Equity for the Nine Months Ended September 30, 2015 and 2014	8
Unaudited Consolidated Statements of Cash Flows for the Three Months and Nine Months Ended September 30, 2015 and 2014	9
Notes to Unaudited Condensed Consolidated Financial Statements	10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	56
PART II - OTHER INFORMATION	73
SIGNATURES	74

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated financial statements as of September 30, 2015 and for the three months and nine months ended September 30, 2015 and 2014 and the audited consolidated statement of financial position as of December 31, 2014 and the related notes to unaudited condensed consolidated financial statements of Bloomberry Resorts Corporation and Subsidiaries (collectively referred to as “the Group”) are filed as part of this Form 17-Q on pages 5 to 55.

There is no other material events subsequent to the end of this interim period that had not been reflected in the unaudited condensed consolidated financial statements filed as part of this report.

Bloomberry Resorts Corporation and Subsidiaries
(A Subsidiary of Prime Metroline Holdings, Inc.)

Condensed Consolidated Financial Statements
September 30, 2015 (Unaudited) and December 31, 2014 (Audited)
and For The Three Months and Nine Months Ended September 30,
2015 and 2014 (Unaudited)

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
(A Subsidiary of Prime Metroline Holdings, Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2015 AND DECEMBER 31, 2014

	September 30, 2015 <i>(Unaudited)</i>	December 31, 2014 <i>(Audited)</i>
ASSETS		
Current Assets		
Cash and cash equivalents	P14,465,471,965	P14,747,804,181
Restricted cash	3,579,049,780	6,696,490,521
Receivables - net	2,581,373,031	4,087,723,618
Inventories	202,244,992	182,959,044
Prepayments and other current assets	687,296,632	741,864,870
Total Current Assets	21,515,436,400	26,456,842,234
Noncurrent Assets		
Advances to contractors	107,959,490	276,797,821
Property and equipment	46,136,723,903	40,470,608,091
Other noncurrent assets	3,150,683,812	473,846,841
Total Noncurrent Assets	49,395,367,205	41,221,252,753
	P70,910,803,605	P67,678,094,987
LIABILITIES AND EQUITY		
Current Liabilities		
Payables and other current liabilities	P9,293,524,263	P9,148,127,697
Current portion of long-term debt	2,568,749,855	1,994,033,232
Total Current Liabilities	11,862,274,118	11,142,160,929
Noncurrent Liabilities		
Long-term debt – net of current portion	34,777,522,702	30,614,218,008
Deferred tax liabilities	109,850,075	111,020,371
Retirement liability	261,469,911	131,478,600
Total Noncurrent Liabilities	35,148,842,688	30,856,716,979
Total Liabilities	47,011,116,806	41,998,877,908
Equity		
Capital stock	11,032,998,225	11,032,998,225
Additional paid-in capital	13,181,680,854	13,162,080,045
Equity reserves	(27,138,558)	(27,138,558)
Treasury shares	(198,704,230)	(77,448,659)
Share-based payment plan	66,010,152	38,021,393
Translation adjustment	256,140,172	–
Retained earnings (Deficit)	(495,166,125)	1,550,048,630
Total Equity Attributable to Equity Holders of the Parent Company	23,815,820,490	25,678,561,076
Equity Attributable to Non-controlling Interest	83,866,309	656,003
Total Equity	23,899,686,799	25,679,217,079
	P70,910,803,605	P67,678,094,987

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
(A Subsidiary of Prime Metroline Holdings, Inc.)

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	FOR THE THREE MONTHS ENDED SEPTEMBER 30		FOR THE NINE MONTHS ENDED SEPTEMBER 30	
	2015	2014	2015	2014
REVENUES				
Gaming – net	₱6,593,099,095	₱5,236,609,760	₱18,040,385,127	₱16,062,777,349
Hotel, food and beverage	392,734,131	231,619,187	1,150,728,525	784,129,568
Retail and others	93,150,580	18,541,551	174,277,039	65,897,082
Interest income	15,964,143	25,071,260	58,972,246	62,129,394
	7,094,947,949	5,511,841,758	19,424,362,937	16,974,933,393
EXPENSES				
Operating cost and expenses	5,925,929,038	3,749,687,126	17,292,054,893	12,074,444,185
Interest expense	586,174,437	102,873,437	1,702,972,566	245,759,956
Foreign exchange gains - net	(55,330,981)	(70,515,480)	(67,682,493)	(67,004,660)
Mark-to-market losses	2,413,002	5,709,637	5,543,160	15,359,339
	6,459,185,496	3,787,754,720	18,932,888,126	12,268,558,820
INCOME BEFORE INCOME TAX	635,762,453	1,724,087,038	491,474,811	4,706,374,573
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	824,551,032	729,549,972	2,001,731,339	1,406,424,182
Deferred	695,925	2,870,349	(1,170,296)	472,560
	825,246,957	732,420,321	2,000,561,043	1,406,896,742
NET INCOME (LOSS)	(189,484,504)	991,666,717	(1,509,086,232)	3,299,477,831
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱189,484,504)	₱991,666,717	(₱1,509,086,232)	₱3,299,477,831
Net Income (Loss) Attributable to				
Equity holders of the Parent				
Company	(₱187,437,504)	₱991,666,717	(₱1,493,761,313)	₱3,299,477,831
Non-controlling interests	(2,047,000)	–	(15,324,919)	–
	(₱189,484,504)	₱991,666,717	(₱1,509,086,232)	₱3,299,477,831
Total Comprehensive Income (Loss) Attributable to				
Equity holders of the Parent				
Company	(₱187,437,504)	₱991,666,717	(₱1,493,761,313)	₱3,299,477,831
Non-controlling interests	(2,047,000)	–	(15,324,919)	–
	(₱189,484,504)	₱991,666,717	(₱1,509,086,232)	₱3,299,477,831
Earnings (Loss) Per Share on Net Income (Loss) Attributable to Equity Holders of the Parent Company				
Basic	(₱0.017)	₱0.094	(₱0.136)	₱0.312
Diluted	(0.017)	0.094	(0.135)	0.311

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
(A Subsidiary of Prime Metroline Holdings, Inc.)

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Equity Attributable to									
	Capital Stock	Additional Paid-in Capital	Equity Reserve	Treasury Shares	Share-based Payment Plan	Translation Adjustment	Retained Earnings (Deficit)	Total	Non- controlling Interests	Total Equity
Balances at January 1, 2015 (Audited)	₱11,032,998,225	₱13,162,080,045	(₱27,138,558)	(₱77,448,659)	₱38,021,393	₱—	₱1,550,048,630	₱25,678,561,076	₱656,003	₱25,679,217,079
Net loss	—	—	—	—	—	—	(1,493,761,313)	(1,493,761,313)	(15,324,919)	(1,509,086,232)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	—	(1,493,761,313)	(1,493,761,313)	(15,324,919)	(1,509,086,232)
Share-based payments	—	—	—	—	45,559,456	—	—	45,559,456	—	45,559,456
Dividends declared	—	—	—	—	—	—	(551,453,442)	(551,453,442)	—	(551,453,442)
Purchase of treasury shares	—	16,780,420	—	(136,005,879)	—	—	—	(119,225,459)	—	(119,225,459)
Issuance of treasury shares for share-based payments	—	2,820,389	—	14,750,308	(17,570,697)	—	—	—	—	—
Translation adjustment	—	—	—	—	—	256,140,172	—	256,140,172	—	256,140,172
Changes in non-controlling interests	—	—	—	—	—	—	—	—	98,535,225	98,535,225
Balances at September 30, 2015 (Unaudited)	₱11,032,998,225	₱13,181,680,854	(₱27,138,558)	(₱198,704,230)	₱66,010,152	₱256,140,172	(₱495,166,125)	₱23,815,820,490	₱83,866,309	₱23,899,686,799
Balances at January 1, 2014 (Audited)	₱10,589,800,556	₱7,948,329,736	(₱27,138,558)	₱—	10,883,035	₱—	(₱2,488,964,831)	₱16,032,909,938	₱2,342	₱16,032,912,280
Net income	—	—	—	—	—	—	3,299,477,831	3,299,477,831	—	3,299,477,831
Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	—	3,299,477,831	3,299,477,831	—	3,299,477,831
Subscription of capital stock	—	—	—	—	—	—	—	—	—	—
Payment of subscription	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	41,700,243	—	—	41,700,243	—	41,700,243
Balances at September 30, 2014 (Unaudited)	₱10,589,800,556	₱7,948,329,736	(₱27,138,558)	₱—	₱52,583,278	₱—	₱810,513,000	₱19,374,088,012	₱2,342	₱19,374,090,354

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
(A Subsidiary of Prime Metroline Holdings, Inc.)

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱491,474,811	₱4,706,374,573
Adjustments for:		
Unrealized foreign exchange gains - net	(67,682,493)	(67,004,660)
Interest income	(58,972,246)	(62,129,393)
Mark-to-market losses	5,543,160	15,359,339
Retirement expense	129,991,311	26,714,025
Interest expense	1,702,972,566	245,759,956
Share-based payment expense	30,809,148	41,700,243
Depreciation and amortization	3,595,503,874	2,045,052,816
Operating income before working capital changes	5,829,640,131	6,951,826,899
Decrease (increase) in:		
Receivables	1,507,586,746	(1,919,705,407)
Inventories	(19,285,948)	40,807,773
Prepayments and other current assets	29,747,789	(233,615,332)
Increase in accrued expenses and other current liabilities	462,865,265	1,205,569,736
Net cash generated from operations	7,810,553,983	6,044,883,669
Income tax paid	(2,134,185,016)	(676,874,210)
Interest received	11,370,372	58,842,883
Net cash provided by operating activities	5,687,739,339	5,426,852,342
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash received	(2,526,096,069)	—
Additions to property and equipment	(5,504,144,167)	(12,868,489,052)
Decrease (increase) in:		
Other noncurrent assets	(2,887,123,491)	104,045,153
Restricted cash - net of current portion	—	(11,885,817)
Advance to contractors	976,009,569	2,517,463,254
Net cash used in investing activities	(9,941,354,158)	(10,258,866,462)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from availment of loans	4,738,021,317	13,918,487,160
Payment of interest	(1,069,694,332)	(988,707,569)
Payment of principal	(1,463,850,000)	(703,150,000)
Purchase of treasury shares	(121,255,571)	—
Proceed from retirement obligation	6,598,515	—
Payment of dividends	(551,452,425)	—
Net cash provided by financing activities	1,538,367,505	12,226,629,591
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(684,525,643)	67,004,660
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,399,772,957)	7,461,620,131
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
Cash and cash equivalents	14,747,804,181	6,092,239,439
Current portion of restricted cash	6,696,490,521	16,625,108
	21,444,294,702	6,108,864,547
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and cash equivalents	14,465,471,965	12,545,518,174
Restricted cash	3,579,049,780	1,024,966,504
	₱18,044,521,745	₱13,570,484,678

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES

(A Subsidiary of Prime Metroline Holdings, Inc.)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business

a. Corporate Information

Bloomberry Resorts Corporation (referred to as “Bloomberry” or “Parent Company”), was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 3, 1999 under the corporate name “Active Alliance Incorporated”. Until 2003, Bloomberry was mainly engaged in the manufacture and distribution of consumer communication and electronic equipment and operated within the Subic Bay Freeport Zone (SBFZ) under Subic Bay Metropolitan Authority (SBMA) rules and regulations under Republic Act (R.A) No. 7227, otherwise known as the “Bases Conversion and Development Act of 1992”. Effective December 14, 2009, the lease agreement between Bloomberry and SBMA was mutually rescinded.

Bloomberry’s shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

The Parent Company’s registered office address is at The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo, Parañaque City.

b. Change in Ownership of Bloomberry

On January 26, 2012, Prime Metroline Holdings, Inc. (PMHI, formerly Prime Metroline Transit Corporation) acquired 60,000,000 shares of Bloomberry, constituting 75% of its outstanding capital stock, from Wespac Holdings Incorporated and other shareholders through a cross sale transaction in the PSE.

On February 27, 2012, the SEC approved the increase in Bloomberry’s authorized capital stock to ₱15.0 billion divided into 15.0 billion shares with par value of ₱1 per share and the following amendments in its articles of incorporation, among others: change in the corporate name from Active Alliance, Incorporated to Bloomberry Resorts Corporation and change in the primary purpose to that of a holding company.

In November and December 2014, PMHI subscribed to 435.0 million shares and 8,197,669 shares, respectively, to replace the same number of shares that it sold in a private placement to various investors in a placing and subscription transaction to raise funds for Bloomberry and the shares that the Parent Company borrowed for share-based payments.

As of September 30, 2015, PMHI (the ultimate parent company) owns 58.08% of Bloomberry.

c. Subsidiaries of Bloomberry

On February 6, 2012, PMHI sold 100% of its ownership interest in Sureste Properties, Inc. (Sureste) to Bloomberry for ₱5.9 billion. Consequently, Bloomberry's subsidiaries include Sureste and its wholly-owned subsidiary, Bloomberry Resorts and Hotels Inc. (BRHI).

Sureste was incorporated in the Philippines and was registered with the SEC on April 16, 1993. Its wholly-owned subsidiary, BRHI, was incorporated in the Philippines and registered with the SEC on February 27, 2008. The primary purpose of Sureste and BRHI is to develop and operate tourist facilities, including hotel-casino entertainment complexes with hotel, retail, amusement areas and themed development components.

On November 21, 2013, Bloomberry subscribed to 60% of the capital stock of Bloom Capital B.V., a financial holding entity incorporated in the Netherlands as a private company with limited liability under the Dutch law. On October 23, 2014, Bloomberry acquired the remaining 40% of the capital stock of Bloom Capital B.V. In 2014, Bloom Capital B.V. acquired 94% shares in Solaire de Argentina S.A.

In December 2014, Solaire Korea Co., Ltd. (Solair Korea) was established by Bloomberry to hold the company's investment in the leisure and entertainment business in Republic of Korea. On April 24, 2015, Solair Korea acquired 77.26% of the outstanding shares of G&L Co., Ltd.(G&L). Subsequently on May 22, 2015 it acquired additional 18.98% of G&L, bringing to 96.23% Solair Korea's ownership in G&L. On August 20, 2015, Bloomberry acquired 10.00% of the outstanding share of G&L from Solair Korea.

d. Status of Operations

The Philippine Amusement and Gaming Corporation (PAGCOR) has granted BRHI the Provisional License on April 8, 2009 to develop an integrated casino, hotel and entertainment complex within Entertainment City (the "Project"). BRHI is one of four licensees for Entertainment City. Prior to the development of integrated resorts in the Philippines, only PAGCOR-operated casinos and six private casinos in special economic zones were allowed to operate in the country. On May 7, 2015, PAGCOR issued a regular casino gaming license to BRHI to replace BRHI's Provisional License. The Regular Casino Gaming License is concurrent with PAGCOR's congressional franchise. PAGCOR's franchise will expire on July 11, 2033 and may be renewed by law.

Solaire is one of the Philippines' first premium/luxury hotel and gaming resort. The 16-hectare gaming and integrated resort complex along Asean Avenue in Parañaque City is the first casino to operate within Entertainment City. BRHI, as the license holder, operates the casino while Sureste operates the hotel and non-gaming business.

On March 16, 2013, BRHI and Sureste commenced commercial operations, upon completion of Phase 1 of Solaire, now referred to as the Bay Tower, along with the opening of the main gaming area and initial non-gaming amenities, such as Solaire's hotel, food and beverage outlets.

On November 22, 2014, the Group opened the Sky Tower, which was previously

referred to as Phase 1A development of Solaire. Contiguous to the existing Solaire Resort and Casino, the Sky Tower consist of a 312 all-suite hotel, additional ten gaming salons, an exclusive Chinese restaurant and a whisky and cigar bar for VIP gamers, state-of-the art meeting rooms and a lyrical theater. The Sky Tower also features two restaurants.

G&L operated a hotel and casino property in Jeju, Korea under the brand name "T.H.E Hotel" and "LVegas Casino". Upon takeover of operation by Bloomberry, the property was rebranded as "Jeju Sun Hotel & Casino" (Jeju Sun). The property consists of 202-room hotel with 5 Hibiscus rating, 2,000 square meters of gaming operation with 36 tables and 20 electronic gaming machines. The property has four F&B outlets to service its hotel guest and casino players. The casino operation of Jeju Sun was suspended in May 2015 in order to renovate and expand the gaming area of the property. On September 15, 2015, Jeju Sun resumed its casino operations.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2014.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis, except for the derivative assets that have been measured at fair value. The unaudited condensed consolidated financial statements are presented in Philippine Peso, the functional and presentation currency of the Parent Company and its subsidiaries, and all values are rounded to the nearest peso, except when otherwise indicated.

Basis of Consolidation

The unaudited consolidated financial statements include the financial statements of Bloomberry and its subsidiaries (collectively referred to as the "Group").

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee, if and only if, the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and

- The ability to use its power over the investee to affect its returns

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control on a periodic basis. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions are eliminated in full.

On February 6, 2012, Bloomberry completed the acquisition of Sureste from PMHI through a cash transaction. Sureste, a subsidiary of PMHI, was deemed to be the accounting acquirer for accounting purposes under the principles of Philippine Financial Reporting Standards (PFRS) 3, *Business Combinations*. The acquisition was accounted for similar to a reverse acquisition following the guidance provided by the standard. In a reverse acquisition, the legal parent is identified as the acquiree for accounting purposes because based on the substance of the transaction, the legal subsidiary is adjudged to be the entity that gained control over the legal parent. Accordingly, the consolidated financial statements of Bloomberry have been prepared as a continuation of the consolidated financial statements of Sureste. Sureste has accounted for the accounting acquisition of Bloomberry on January 26, 2012 which was the date when PMHI acquired Bloomberry.

Reverse acquisition applies only to the consolidated financial statements. The parent company financial statements will continue to represent Bloomberry as a stand-alone entity.

As of September 30, 2015 and December 31, 2014, subsidiaries of Bloomberry include:

	Effective Percentage of Ownership	
	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Sureste	100.0	100.0
BRHI	100.0	100.0
Bloom Capital B.V.	100.0	100.0
Solaire Korea Co., Ltd.	100.0	100.0
G&L Co., Ltd.	96.2	—
Solaire de Argentina S.A.	94.0	94.0

Non-Controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Parent Company and are presented in the profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company.

Changes in Accounting Policies and Disclosures

The Group's accounting policies are consistent with those of the previous financial year, except for adoption of the following new and revised standards, interpretations and amendments to existing PFRS effective January 1, 2015.

- PFRS 9, *Financial Instruments* – Classification and Measurement (2010 version). PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA). The amendment has no impact on the Group's financial position or performance.
- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)*. The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The amendment has no impact on the Group's financial position or performance.

- Annual Improvements to PFRSs (2010-2012 cycle). The Annual Improvements to PFRSs (2010–2012 cycle) are effective for annual periods beginning on or after January 1, 2015. They include:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- a. A performance condition must contain a service condition
- b. A performance target must be met while the counterparty is rendering service
- c. A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- d. A performance condition may be a market or non-market condition
- e. If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The Group will assess the impact of this amendment.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*

The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

The amendments are applied retrospectively and clarify that:

- a. An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- b. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities

The amendment has no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*

The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment has no impact on the Group's financial position or performance.

– PAS 24, *Related Party Disclosures – Key Management Personnel*

The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- Annual Improvements to PFRSs (2011-2013 cycle). The Annual Improvements to PFRSs (2011–2013 cycle) are effective for annual periods beginning on or after January 1, 2015. They include:

– PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*

The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

- a. Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
- b. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The amendment has no impact on the Group's financial position or performance.

– PFRS 13, *Fair Value Measurement – Portfolio Exception*

The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39. The amendment has no significant impact on the Group's financial position or performance.

– PAS 40, *Investment Property*

The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment has no significant impact on the Group's financial position or performance.

Standards Issued But Not Yet Effective

The Group will adopt the following new standard, interpretation and amendments to existing standards when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new standard, interpretation and

amendments to PFRS to have a significant impact on the condensed consolidated financial statements.

Effective in 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments). The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.
- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants* (Amendments). The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.
- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.
- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not

constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments). The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.
- PFRS 14, *Regulatory Deferral Accounts*. PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.
- Annual Improvements to PFRSs (2012-2014 cycle). The Annual Improvements to PFRSs (2012–2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*

PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement

against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- *PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- *PAS 19, Employee Benefits – regional market issue regarding discount rate*

This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- *PAS 34, Interim Financial Reporting – disclosure of information ‘elsewhere in the interim financial report’*

The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

- *PFRS 9, Financial Instruments – Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version).* PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting. PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still

for approval by BOA. The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments* (2014 or final version). In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.
- IFRS 15 Revenue from Contracts with Customers. IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

Deferred Effectivity

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*. This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The Group expects that this standard will have no impact on the Group's financial position and performance.

Significant Accounting Policies

Financial Instruments

Date of recognition

Financial instruments within the scope of PAS 39 are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual

provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized using trade date accounting.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. The initial measurement of financial instruments includes transaction costs, except for financial instruments at fair value through profit or loss (FVPL). The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, and loans and receivables. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date.

Determination of fair value

The fair value for financial instruments traded in active markets at financial reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques.

“Day 1” difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated statement of comprehensive income, unless it qualifies for recognition as some other type of asset or liability. In cases where data which is not observable are used, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference amount.

Financial assets and liabilities at FVPL

Financial assets and liabilities at FVPL include financial assets and liabilities held for trading purposes and financial assets and liabilities designated upon initial recognition as at FVPL.

Financial assets and liabilities are classified as held for trading if these are acquired for the purposes of selling and repurchasing in the near term.

Derivatives, including any separated embedded derivatives, are also classified under financial assets or liabilities at FVPL, unless these are designated as hedging instruments in an effective hedge.

Financial assets or liabilities may be designated by management on initial recognition as at FVPL when any of the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;
- the assets and liabilities are part of a group of financial assets, liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Subsequent changes in fair value are recognized in the consolidated statement of comprehensive income. Interest earned or incurred is recorded as interest income or expense, respectively, while dividend income is recorded as other income when the right to receive payment has been established.

Derivatives embedded in host contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The Group's derivative asset arising from the loan prepayment option is classified as financial assets at FVPL as of September 30, 2015 and December 31, 2014. The Group has no financial liability at FVPL as of September 30, 2015 and December 31, 2014.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial assets at FVPL. Loans and receivables are classified as current assets if maturity is within 12 months from financial reporting date. Otherwise, these are classified as noncurrent assets.

After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. Interest earned or incurred is recognized as "Interest income" in the consolidated statement of comprehensive income. Gains and losses are recognized in the consolidated statement of comprehensive income when the loans and receivables are derecognized and impaired, as well as through the amortization process.

The Group's cash and cash equivalents, receivables (excluding advances to officers and employees), restricted cash and security deposit are classified as loans and receivables.

HTM investments

HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant

amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets. After initial recognition, these investments are subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the EIR. Interest earned or incurred is recognized in "Interest income" in the consolidated statement of comprehensive income. Gains and losses are recognized in the consolidated statement of comprehensive income when the HTM investments are derecognized and impaired, as well as through the amortization process. The effects of restatement on foreign currency-denominated HTM investments are also recognized in the consolidated statement of comprehensive income.

The Group has no HTM investments as of September 30, 2015 and December 31, 2014.

AFS financial assets

AFS financial assets are those non-derivative financial assets which are designated as such or do not qualify to be classified in any of the three preceding categories. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS financial assets are classified as current assets if management intends to sell these financial assets within 12 months from financial reporting date. Otherwise, these are classified as noncurrent assets.

After initial recognition, AFS financial assets are subsequently measured at fair value, with unrealized gains and losses being recognized as other comprehensive income account until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income reserve account is recognized in the consolidated statement of comprehensive income. The Group uses the specific identification method in determining the cost of securities sold. Interest earned on holding AFS debt securities is included under "Interest income" using the EIR method in the consolidated statement of comprehensive income. Dividends earned on holding AFS equity investments are recognized in the consolidated statement of comprehensive income when the right of payment has been established.

The Group has no AFS financial assets as of September 30, 2015 and December 31, 2014.

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortization is included in the consolidated statement of comprehensive income.

Other financial liabilities include payables and other current liabilities and long-term debt as of September 30, 2015 and December 31, 2014.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross amounts in the consolidated statement of financial position.

Impairment of Financial Assets

The Group assesses annually whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that the debtor will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The estimated future cash flows are discounted at the financial asset's original EIR. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original EIR of the asset. The financial asset together with the associated allowance are written-off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. Any

subsequent reversal of an impairment loss is recognized in our consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its original amortized cost at the reversal date. If a future write-off is later recovered, the recovery is recognized in the consolidated statement of comprehensive income.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the Group’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group’s continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of comprehensive income.

Cash and Cash Equivalents

Cash includes cash on hand and in banks, including bank accounts maintained by the Group as collateral for its long-term debt and cash that is restricted for meeting cash commitments in the next twelve months related to the construction of the Project. Cash equivalents are short-term, highly liquid investments that are readily convertible to known

amounts of cash with original maturities of three months or less from the date of acquisition, and for which there is an insignificant risk of change in value.

Restricted Cash

Restricted cash represents cash in escrow account as required in the Provisional License issued by PAGCOR and restricted cash and cash equivalents that are allocated for the construction of the Project.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out and moving average methods. Net realizable value is based on estimated selling prices less estimated costs to be incurred on completion and disposal. Net realizable value of operating and other supplies is the current replacement cost.

Prepayments

Prepayments are carried at cost and are amortized on a straight-line basis, over the period of intended usage, which is equal to or less than 12 months or within the normal operating cycle.

Advances to Suppliers

Advances to suppliers primarily represent advance payments made to a service provider for the Group's aircraft operation and management.

Creditable Withholding Taxes (CWT)

CWT represents the amount of tax withheld by counterparties from the Group. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is presented under the "Prepayments and other current assets" account in the consolidated statement of financial position. CWT is stated at its estimated NRV.

Advances to Contractors

Advances to contractors represent advance payments for the Group's gaming equipment, hotel furniture and fixtures, operating equipment and other gaming and hotel equipment. These are charged to expense or capitalized to property and equipment in the consolidated statement of financial position, upon actual receipt of services or gaming/hotel equipment. These are considered as nonfinancial instruments as these will be applied against future billings from contractors.

Property and Equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and any impairment in value.

The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, are normally charged to income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, such expenditures are capitalized as additional costs of property and equipment. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the

accounts and any gain or loss resulting from their disposal is included in the consolidated statement of comprehensive income of such period.

The useful lives and depreciation and amortization method are reviewed at least at each financial year-end to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets, or the term of the lease whichever is shorter:

Building and improvements	20 years
Machineries	10 years
Land improvements	10 years
Gaming equipment	5 years
Office furniture and fixtures	5 years
Transportation equipment	5 years to 20 years
Leasehold improvements	3 years or lease term, whichever is shorter
Office and communication equipment	5 years

Property and equipment includes costs incurred in the construction of the hotel and casino entertainment complex classified under "Construction in Progress". These include costs of construction, equipment and other direct costs such as borrowing cost. Upon completion, these costs will be amortized over the life of BRHI's license with PAGCOR or life of the asset for Jeju. During the period of construction, construction in progress is tested for impairment.

Operating Equipment

Operating equipment (shown as part of "Other noncurrent assets" account) includes linen, china, glassware, silver, and other kitchen wares, which are carried at cost. Items of operating equipment with expected period of consumption of one year or less are classified as current. Bulk purchases of items of operating equipment with expected usage period of beyond one year are classified as noncurrent assets and are amortized over two to three years.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of the recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction of proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital.

Equity reserve pertains to costs incurred in 2012, in connection with the issuance of capital stock such as taxes and legal fees. The account also includes the effect of the reverse acquisition.

Treasury shares are the Parent Company's own equity instruments which are reacquired and are recognized at cost and presented as reduction in equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration upon reissuance or cancellation of shares is recognized as additional paid-in capital.

Retained earnings (deficit) represents the Group's cumulative net earnings/losses, net of dividends declared.

Share-based Payment Plan

Certain qualified officers and employees of the Parent Company and subsidiaries receive remuneration for their services in the form of equity shares of the Parent Company ("equity-settled transactions").

The cost of equity-settled transactions with officers and employees is measured by reference to the fair value of the stock at the date on which these are granted.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

Foreign Currency Transactions and Translations

The Group's financial statements are presented in Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates. However, Jeju utilizes Korean Won which is translated to Peso in conjunction with the

consolidation process. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional closing rate of exchange prevailing at the end of the reporting period. All differences are recognized in the Group's consolidated statement of comprehensive income.

Revenue Recognition

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow into the entity and specific criteria have been met for each of the Group's activities described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The following specific recognition criteria must also be met before revenue is recognized:

Gaming revenue

Gaming revenue is measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in customers' possession. Revenues are recognized net of certain sales incentives. Accordingly, the Group's gaming revenues are reduced by discounts, rebates paid through the gaming promoters, progressive jackpot liabilities and points earned in customer loyalty programs totaling to ₱2,380.3 million and ₱2,169.6 million for the three months ended September 30, 2015 and 2014, respectively and ₱6,511.07 million and ₱5,463.7 million for the nine months ended September 30, 2015 and 2014, respectively.

Hotel, food and beverage, retail and other operating revenues

Hotel, food and beverage, retail and other operating revenues are recognized when services are performed or the retail goods are sold. Deposits received from customers in advance on rooms or other services are recorded as liabilities until services are provided to the customers.

The retail value of accommodation, food and beverage, and other services furnished to guests without charge is excluded from total operating revenues in the accompanying consolidated statement of comprehensive income. The amounts of such promotional allowances excluded from total operating revenues for the three months and nine months ended September 30, 2015 and 2014 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Hotel, food and beverage	₱366,279,140	₱231,619,187	₱1,156,251,277	₱784,129,568
Retail and others	45,599,831	18,541,551	114,621,033	65,897,082
	₱411,878,971	₱250,160,738	₱1,270,872,310	₱850,026,650

Retail and other revenue includes sale of various merchandise, communication and transportation services to Solaire guests and players.

Interest income

Interest income is recognized as it accrues on a time proportion basis taking into account the principal amount outstanding and the EIR. Interest income represents interest

earned from cash and cash equivalents and restricted cash comprising of cash in escrow and cash allocated to the Project.

Cost and Expenses

Costs and expenses are recognized in the consolidated statement of comprehensive income upon utilization of the service or at the date they are incurred.

Costs incurred prior to obtaining the license were expensed as incurred.

Retirement expense

The Group has an unfunded, non-contributory defined benefit plan covering all of its regular employees. Retirement costs are determined based on the provisions of Republic Act No. 7641, "Retirement Pay Law." The retirement benefit is computed as 50% of basic monthly salary plus one-twelfth of the 13th month pay for every year of service and the cash equivalent of not more than five (5) days service incentive leaves.

Provisions

Provisions are recognized when the Group has present obligations, legal or constructive, as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursements. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest cost.

All other borrowing costs are expensed as incurred.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the agreement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease

term; (c) there is a change in the determination of whether the fulfillment is dependent on a specified asset; or (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and the date of renewal or extension period for scenario (b).

As a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income or capitalized in the consolidated statement of financial position (in case of leases directly related to construction) on a straight-line basis over the lease term.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred income tax relating to items recognized directly in other comprehensive income account is included in the other comprehensive income account of the consolidated statement of comprehensive income.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT)

Revenue, expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from/payable to the taxation authority is included as part of the "Prepayments and other current assets" and "Payables and other current liabilities" accounts in the consolidated statement of financial position.

Gaming Taxes

Being a PAGCOR licensee, BRHI is required to pay license fees on its gross gaming revenues on a monthly basis starting from the date the casino commenced operations. These license fees are reported as part of "Operating costs and expenses" in the consolidated statement of comprehensive income.

Contingencies

Contingent liabilities are not recognized in the unaudited condensed consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the unaudited condensed consolidated financial statements but are disclosed in the notes to unaudited condensed consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the unaudited condensed consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to unaudited condensed consolidated financial statements when material.

Earnings (Loss) Per Share

The Group presents basic and diluted earnings (loss) per share rate for its shares.

Basic Earnings (loss) Per Share (EPS) is calculated by dividing net income (loss) for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period after giving retroactive effect to any stock dividend declarations.

Diluted earnings (loss) per share is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Parent Company's stock incentive plan which are assumed to be exercised at the date of grant. Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services within a particular economic environment subject to risks and rewards that are different from those of other segments, whose operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available.

Management's Use of Judgments, Estimates and Assumptions

The preparation of the unaudited condensed consolidated financial statements in conformity with PFRS requires the Group to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date. The uncertainties inherent in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future years.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments apart from those including estimations and assumptions, which has the most significant effect on the amounts recognized in the unaudited condensed consolidated financial statements.

Contingencies. On April 13, 2013, the BIR issued RMC No. 33-2013, which may affect the tax exemption of BRHI. On June 4, 2014, BRHI filed a petition with the Supreme Court to annul the provision of RMC No. 33-2013, which subjects PAGCOR licensees to corporate income tax. Also, the Group terminated the agreement with Global Gaming Philippines LLC (GGAM) because of material breach by the latter. The Group's estimate of the probable cost for the implication of these matters has been developed in consultation with its legal counsels and is based upon an analysis of potential results. Management and its legal counsels do not believe these will have a material adverse effect on its financial position or performance. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to this matter.

Evaluating Lease Commitments. The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a Lessee

The Group has entered into various operating lease agreements as a lessee. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of ownership of these properties because the lease agreements do not transfer to the Group the ownership over the assets at the end of the lease term and do not provide the Group with a bargain purchase option over the leased assets and so accounts for the contracts as operating leases.

Estimates and assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed as follows:

Estimating Allowance for Doubtful Accounts. The Group reviews its receivables at each reporting date to assess whether a provision for doubtful accounts should be recorded in the consolidated statement of financial position. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. In addition to specific allowance against individually significant receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring specific allowance, have a greater risk of default than when the credit was originally granted.

Management evaluates provision for doubtful accounts based on a specific review of customer accounts as well as experience with collection trends in the casino industry and current economic and business conditions. As customer payment experience evolves, management will continue to refine the estimated provision for doubtful accounts. Accordingly, the associated doubtful accounts expense charge may fluctuate. Because individual customer account balances can be significant, the provision and the expense can change significantly between periods, as information about a certain customer becomes known or as changes in a region's economy or legal systems occur.

Provision for doubtful accounts for the three months ended September 30, 2015 and 2014 amounted to ₱703.3 million and ₱161.9 million, respectively and for the nine months ended September 30, 2015 and 2014 amounted to ₱1,667.7 million and ₱258.6 million, respectively. The net carrying amount of receivables amounted to ₱2,581.4 million and ₱4,087.7 million as of September 30, 2015 and December 31, 2014, respectively.

Net Realizable Value of Inventories. The Group writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The lower of cost and net realizable value of inventories is reviewed on a monthly basis to reflect the accurate valuation in the financial records. Inventories and supplies identified to be obsolete and unusable are also written off and charged as expense for the period.

There were no provision for inventory obsolescence for the three months and nine months ended September 30, 2015 and 2014. Inventories at cost amounted to ₱202.2 million and ₱183.0 million as of September 30, 2015 and December 31, 2014, respectively.

Estimating Useful Lives of Property and Equipment. Management determines the estimated useful lives and the related depreciation and amortization charges for its property and equipment based on the period over which the property and equipment are expected to provide economic benefits. Management's estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Management will increase the depreciation and amortization charges where useful lives are less than the previously estimated useful lives.

The aggregate net book value of the Group's property and equipment (excluding construction in progress) amounted to ₱44,133.5 million and ₱38,596.2 million as of September 30, 2015 and December 31, 2014, respectively.

Estimating Useful Life of Operating Equipment. Bulk purchases of operating equipment items are estimated to be consumed over a period of two to three years. This estimation is reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Management will increase the amortization charges where period of consumption is less than the previously estimated period of consumption.

Amortization for the three months ended September 30, 2015 and 2014 amounted to ₱70.7 million and ₱146.8 million, respectively and for the nine months ended September 30, 2015 and 2014 amounted to ₱210.3 million and ₱223.8 million, respectively. The carrying value of the Group's operating equipment amounted to ₱296.4 million and ₱337.3 million as of September 30, 2015 and December 31, 2014, respectively.

Impairment of Nonfinancial Assets. An impairment review is performed when certain impairment indicators are present. Nonfinancial assets are subject to annual impairment test or whenever there is a strong indication that the assets will be impaired. The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach or based on the fair values using the latest sales price available in the market. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Management is required to make estimates and assumptions to determine the recoverable amounts. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. Future adverse events may cause the management to conclude that the affected assets are impaired and may have a material impact on the Group's financial condition and results of operations.

There was no impairment loss recognized for the three months and nine months ended September 30, 2015, and 2014.

The carrying values of nonfinancial assets subject to impairment review are as follows:

	September 30, 2015	December 31, 2014
	<i>(Unaudited)</i>	<i>(Audited)</i>
Property and equipment	₱46,136,723,903	₱40,470,608,091
Advances to contractors	107,959,490	276,797,821
Operating equipment*	296,444,971	337,249,747
	₱46,541,128,364	₱41,084,655,659

*Presented as part of "Other noncurrent assets" account.

Recognition of Gaming Promoters' Expense. The Group pays the gaming promoters, who introduce VIP players to Solaire, a percentage of the gross gaming win generated by each gaming promoter. Approximately 80% of the amount paid to gaming promoters is netted against casino revenues, because such percentage approximates the amount of rebates returned to the VIP players through the gaming promoters, which will be used by the players to purchase additional chips and will eventually result in incremental casino revenue, and approximately 20% is included in operating expenses, which approximates the amount ultimately retained by the gaming promoters for their compensation.

Gaming promoters' expense which was netted against revenue and the amount presented as part of operating costs and expenses amounted to ₱1,468.6 million and ₱365.0 million, respectively, for the three months ended September 30, 2015 and ₱1,167.4 million and ₱291.8 million, respectively, for the three months ended September 30, 2014. For the nine months ended September 30, 2015 and 2014 gaming promoters' expense netted against revenue amounted to ₱3,822.8 million and ₱3,064.4 million, respectively and the amount presented as part of operating costs and expense amounted to ₱955.2 million and ₱766.1 million, respectively.

Determining Retirement Benefits. The determination of the Group's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by the Group's actuaries in calculating such amounts. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement liabilities.

Retirement benefits obligation amounted to ₱261.5 million and ₱131.5 million as of September 30, 2015 and December 31, 2014, respectively.

Recognition of Deferred Tax Assets and Liabilities. The Group reviews the carrying amounts at the end of each reporting period and reduced the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

Despite the recent ruling Revenue Memorandum Circular (RMC) No. 33-2013 issued by the Bureau of Internal Revenue (BIR), clarifying that PAGCOR and its contractees and licensees are subject to 30% RCIT on their gaming and non-gaming revenues,

management still believes that the tax benefits granted to PAGCOR under its charter inure to the benefit of, and extend to BRHI in accordance with section 13 (2) (b) of Presidential Decree No. 1869.

The Group recognized deferred tax assets amounting to ₱64.3 million as of September 30, 2015. The Group's temporary differences, for which no deferred tax assets/liabilities have been recognized amounted to ₱6,220.7 million as of September 30, 2015, resulting from (a) Sureste's position that it will not have any taxable profits in the future in which it could utilize its deferred tax assets and (b) BRHI's position that it is exempt from income tax.

3. Cash and Cash Equivalents

This account consists of:

	September 30, 2015	December 31, 2014
	<i>(Unaudited)</i>	<i>(Audited)</i>
Cash on hand	₱3,164,993,123	₱2,244,540,382
Cash in banks	4,857,565,211	10,532,314,775
Temporary cash investments	5,283,016,251	1,157,048,545
Debt collateral accounts	1,159,897,380	813,900,479
	₱14,465,471,965	₱14,747,804,181

Cash in banks earn interest at the prevailing bank deposit rates.

Temporary cash investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Debt collateral accounts are bank accounts maintained by the Group as collateral for its long-term debt.

4. Restricted Cash

Restricted cash includes the escrow account required in the Provisional License issued by PAGCOR and restricted funds allocated for the construction of the Project (see Note 1).

Under the Provisional License that had been granted by PAGCOR, the Group was required to set up and maintain an escrow account amounting to US\$100.0 million with a universal bank mutually agreed by PAGCOR and BRHI. All funds for the construction of the Project passed through the escrow account and all drawdowns of funds from the said escrow account must be applied to the Project. The escrow account required a maintaining balance of US\$50.0 million. If the funds in escrow account fell below the maintaining balance at any given time, BRHI deposited not later than 15 calendar days (grace period) from the date the escrow account fell below the maintaining balance, such funds to achieve the maintaining balance. As of September 30, 2015, PAGCOR release BRHI from the obligation to maintain the escrow account since now the project has been

completed and the permanent license was granted on May 7, 2015. However, the Group still maintain the escrow account as security for SPI's loan (see note 9).

5. Receivables

This account consists of:

	September 30, 2015 <i>(Unaudited)</i>	December 31, 2014 <i>(Audited)</i>
Casino	₱4,929,153,756	₱4,757,052,471
Hotel	70,704,691	63,605,452
Advances to officers and employees	97,676,798	39,638,998
Others	49,798,911	16,503,726
	5,147,334,156	4,876,800,647
Less allowance for doubtful accounts	2,565,961,125	789,077,029
	₱ 2,581,373,031	₱4,087,723,618

Casino receivables primarily consist of casino markers issued to fixed room junket operators and VIP premium casino players. Casino markers are issued for gaming instruments (chips and credits) to approved casino players. These markers are noninterest bearing and are normally collected within 90 days.

Hotel receivables pertain to various food, beverage, and hotel service fees receivable from hotel occupants, which are collected upon checkout. This also includes credit card transactions, which are normally collected within one month.

Advances to officers and employees are normally settled within one month through salary deduction or liquidation.

Accrued interest, presented as part of "Others", pertains to interest from temporary cash investments and restricted cash account, which are normally received within one year.

Allowance for doubtful accounts pertain to casino markers that the Group has assessed as doubtful on an individual and collective basis to be collectible.

6. Property and Equipment and Advances to Contractors

Construction in progress represents costs incurred related to the ongoing development of Solaire and for Jeju. Costs incurred mainly include raw materials procurement, general construction works, architectural design services, engineering consultancy and construction supervision services, interior design services, capitalized rent expense on lease contract with PAGCOR and interest charges on long-term debt. As of September 30, 2015 and December 31, 2014, property and equipment includes construction in progress pertaining to the costs related to the construction of the Sky Tower. Construction in progress related to Bay Tower has been reclassified to the related property and equipment upon its completion in March 2013 and the construction in progress relating to the completed portion of Sky Tower were reclassified in November 2014. Construction in progress for Jeju consists primarily of casino and hotel refurbishment.

Borrowing costs on specific borrowings capitalized as part of "Property and equipment". Lease on the land of PAGCOR are capitalized as part of "Property and equipment" during the construction period.

Previously, under BRHI's Provisional License with PAGCOR, BRHI had committed to invest at least US\$1.0 billion in the Project. The investment commitment includes the lease for the use of the land of PAGCOR, cost related to securing development rights, construction, equipment, development costs, financing costs, working capital costs, and all other expenses directly related to the completion and operation of the casino. The Provisional License also requires BRHI to fully invest and utilize US\$400.0 million within two years from April 8, 2009, the date of issuance of the Provisional License, to comply with the aforementioned 40% utilization requirement. On November 16, 2009, PAGCOR approved BRHI's request for an additional three years extension of the original two years compliance period with respect to the 40% of the total investment commitment. BRHI has complied with this US\$400.0 million initial investment requirement, as well as the US\$1.0 billion total investment requirement for the project and was granted its permanent license on May 7, 2015.

Advances to contractors pertain to advance payments to various contractors for gaming equipment, hotel furniture and fixtures, operating equipment and other gaming and hotel equipment related to the construction of hotel and gaming facility of Solaire. This is shown separately in the Group's consolidated statements of financial position. As of September 30, 2015 and December 31, 2014, advances to contractors primarily pertain to advance payments for construction costs related to the remaining uncompleted area of the Sky Tower.

There were no major disposals or write-downs of property and equipment for the nine months ended September 30, 2015. Additions for the period amounted to ₱5,504.1 million.

7. Other Noncurrent Assets

Other noncurrent assets consist mainly of goodwill, operating equipment, prepaid debt issue costs, long-term deposits and others.

Goodwill arises from the acquisition of G&L Co., Ltd.

Operating equipment are bulk purchases of linen, china, glassware, silver, and other kitchenwares, which are carried at cost with expected usage period of beyond one year.

Prepaid debt issue costs primarily pertain to documentary stamp tax and front-end fee on the undrawn balance of the loan facilities. Such amount will be presented as reduction from long-term debt upon drawdown and will be amortized over the term of the loan.

Others mainly represent noncurrent portion of rental deposit and advance rent that will be applied to the last two/three months of the lease term.

8. Payables and Other Current Liabilities

This account consists of trade payables, accrued project costs, current portion of accrued

rent, accrued taxes and interest, withholding tax payable, accrued pre-opening expenses, income tax payable, dividends payable and others. Accrued project costs and other accruals are expected to be settled within one year.

Accrued rent arises from the recognition of lease on a straight-line basis. Lease payments that are due within one year are presented as "Current portion of accrued rent".

Withholding tax payable and other payables are normally settled within one year.

9. Long-term Debt

This account consists of:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Principal:		
Original facility	P12,023,500,000	P13,517,150,000
Expansion facility	14,300,000,000	8,063,762,840
Corporate notes	11,425,000,000	11,425,000,000
	37,778,300,000	33,005,912,840
Less unamortized debt discount	432,027,442	397,661,600
	37,346,272,558	32,608,251,240
Less current portion of long-term debt	2,568,749,855	1,994,033,232
	P34,777,522,702	P30,614,218,008

Future repayment of the principal follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Within one year	P2,568,749,855	P2,034,050,000
After one year but not more than five years	16,902,169,914	15,803,704,209
Beyond five years	18,307,380,231	15,168,158,631
	P37,778,300,000	P33,005,912,840

a. Original Facility

On January 24, 2011, Sureste and BRHI entered into an aggregate of P9.87 billion (P7.62 billion for Sureste and P2.25 billion for BRHI), seven-year term loan facilities ("Original Facility") with Banco de Oro Unibank, Inc. (the "Lender" or "BDO") as the lender to finance the construction of the hotel, gaming and entertainment facility, including but not limited to purchase of furniture, fixture and equipment and payment of consultants. Sureste's loan has an escrow portion in the amount of P2.25 billion, which is secured by the assignment and hold-out on the escrow account maintained by BRHI as previously required under the Provisional License from PAGCOR (see Note 4). On April 4, 2012, Sureste's loan agreement with BDO was amended to, among others, provide for an additional P4.73 billion loan facility, making an aggregate available facility for Sureste of P12.35 billion.

The Original Facility is payable over seven years in 16 consecutive quarterly installments on each repayment date commencing on the 39th month from the initial drawdown date while the interest on the unpaid principal amount shall be paid in quarterly payments from the initial drawdown date. The loan bears an interest rate based on a spread of 1% over the 3-month PDST-F rate with respect to the escrow portion of Sureste's loan in the amount of ₱2.25 billion and 3% over the 3-month PDST-F rate with respect to the portion not constituting the escrow portion in the amount of ₱12.35 billion.

Sureste and BRHI are obliged to pay, on each date of drawdown, for the first three years of the facilities, a commitment fee equivalent to 0.8% per annum for the first year and 0.5% per annum for the second and third years, based on the undrawn portion of the commitment.

As at September 30, 2015 and December 31, 2014, this facility has been fully drawn. Loan principal amounting to ₱1,463.9 million was paid as of the third quarter in 2015. Outstanding long-term debt, net of unamortized debt discount, as of September 30, 2015 and December 31, 2014 amounted to ₱11,989.0 million and ₱13,425.7 million, respectively.

The Original Facility provides that Sureste/BRHI is permitted to make optional prepayments anytime until maturity. Upon prepayment, Sureste/BRHI shall pay the principal, accrued interest and penalty based on the amount prepaid in the following percentages: (i) 3% for years 1 to 3 from the initial borrowing date; (ii) 2% for year 4; (iii) 1% for year 5; and (iv) 0.5% for year 6.

The prepayment option was assessed as not clearly and closely related to the loan. As at inception date, the value of the prepayment option is not material. Upon additional drawdowns in 2012 and 2013, the option was bifurcated at each drawdown date of the loan, resulting to a value of the bifurcated prepayment option of ₱37.9 million and ₱83.5 million which were offset against additions to capitalized debt issue costs in 2013 and 2012, respectively.

b. Expansion Facility

In March 2013, the Group executed a second amendment to the loan agreement to provide for an additional ₱14.3 billion loan facility ("Expansion Facility") with BDO Unibank Inc., China Banking Corp., and Philippine National Bank as expansion lenders.

The Expansion Facility of ₱14.3 billion is payable over seven years in 16 consecutive quarterly installments on each repayment date commencing on the 39th month from the initial drawdown date while the interest on the unpaid principal amount shall be paid in quarterly payments from the initial drawdown date. The loan bears an interest rate based on a spread of 2% over the 30-day BSP reverse purchase agreement rate, unless a substitute benchmark rate has been requested 20 banking days prior to an interest payment date.

Similar with the original facility, Sureste and BRHI are obliged to pay, on each date of drawdown, for the first three years of the facilities, a commitment fee equivalent to 0.8% per annum for the first year and 0.5% per annum for the second and third years, based on the undrawn portion of the commitment.

As at September 30, 2015 and December 31, 2014, the amount drawn under these facilities amounted to ₱14.3 billion and ₱8.1 billion, respectively. Outstanding long-term debt, net of unamortized debt discount, as of September 30, 2015 and December 31, 2014, amounted to ₱14,001.4 million and ₱7,834.6 million, respectively.

The Expansion Facility provides that Sureste/BRHI is permitted to make optional prepayments anytime until maturity, but without penalty.

The embedded prepayment option on the Expansion Facility was assessed as clearly and closely related to the loan, thus, not for bifurcation.

c. Corporate Notes

On February 10, 2014, the Group issued ₱11.425 billion unsecured corporate notes ("Corporate Notes") to fund Phase 1A of Solaire. Sureste and BRHI signed a corporate notes facility agreement with BDO Unibank Inc., BDO Leasing and Finance Inc., BDO Private Bank Inc., China Banking Corp., Robinsons Bank Corp. and United Coconut Planters Bank. BRHI served as an issuer, Sureste as surety and BDO Capital & Investment Corp. as the lead arranger and sole bookrunner for the facility.

The Corporate Notes of ₱11.425 billion is payable over seven years in 8 consecutive semi-annual installments on each repayment date commencing on the 36th month from the initial drawdown date while the interest on the unpaid principal amount shall be paid in semi-annual payments from the initial drawdown date. The Corporate Notes bears a fixed interest rate of 6.75% per annum.

The outstanding balance of the Corporate Notes, net of unamortized debt discount, as of September 30, 2015 and December 31, 2014 amounted to ₱11,355.9 million and ₱11,348.0 million, respectively.

The Corporate Notes provide that BRHI is permitted to make optional prepayments anytime until maturity. Upon prepayment, BRHI shall pay the principal, accrued interest and penalty based on the amount prepaid in the following percentages: (i) 0.5% from the first to third anniversary; (ii) 0.25% after the third anniversary to the fifth anniversary; and (iii) no prepayment penalty after the fifth anniversary.

The embedded prepayment option on the Corporate Notes was assessed as clearly and closely related to the loan, thus, not for bifurcation.

All legal and professional fees, including commitment fee, incurred in relation to the loans were capitalized. Debt issue costs were amortized using EIR method.

Unamortized debt discount, representing capitalized debt issue costs and the value of the bifurcated derivatives arising from embedded prepayment option, is presented as deduction from the Group's long-term debt.

Debt Covenant

Sureste's and BRHI's original and expansion facilities contain certain restrictive covenants that require Sureste and BRHI to comply with specified financial ratios and other financial tests at quarterly measurement dates. Sureste's and BRHI's loan agreement includes compliance with certain financial ratios such as debt-to-equity and

debt service coverage ratios. Sureste and BRHI are required to maintain a debt service coverage ratio of at least 1.2 times on each testing date after the commencement of the gaming facility's commercial operations while a maximum of debt-to-equity ratio of 0.61 times and 2.33 times for BRHI and Sureste, respectively, on each testing date.

The Corporate Notes require BRHI to comply with the debt service coverage agreement incurrence ratio of at least 1.2 times and debt-to-equity incurrence ratio of maximum of 2.33 times, on each testing date.

As of September 30, 2015 and December 31, 2014, Sureste and BRHI are in compliance with these debt covenants.

Collateral

Under the original and expansion facilities, collateral includes the following:

(i) Assignment of Accounts and Receivables

To ensure the payment by Sureste/BRHI of the Loan, Sureste/BRHI shall assign, convey, set over and transfer unto the Security Trustee absolutely and unconditionally all of its respective right, title and interest in all monies standing in its Debt Service Payment Account (DSPA) and Debt Service Reserve Account (DSRA) required to be maintained by the Group to service interest and principal payments, all monies standing in the Escrow Account (see Note 8), project receivables, as well as the proceeds, products and fruits of the said accounts.

The level of funds standing in the DSRA on any date commencing on the initial drawdown date shall be at least equal to the amount of principal due on an immediately succeeding repayment date and two times the interest payable on an immediately succeeding interest payment date.

The level of funds standing in the DSPA commencing on the initial drawdown date shall be at least equal to (i) on the 60th day from the start of the relevant interest period, at least fifty percent (50%) of all amounts payable on an immediately succeeding payment date; and (ii) on or before 10:00 am of a payment date, at least one hundred percent (100%) of all amounts payable on such payment date.

In the event the funds in the DSPA fall below the DSPA maintaining balance, and as a result thereof, the funds standing in the DSPA becomes insufficient to cover payments for the relevant payment date, Banco de Oro Unibank, Inc. - Trust and Investment Group (the Security Trustee) shall, not later than 12:00 pm on such relevant payment date, debit from the DSRA such amount as would be necessary to pay for the interest or principal falling due on such payment date.

As of September 30, 2015 and December 31, 2014, the Group's debt collateral accounts balances are as follows:

	September 30, 2015	December 31, 2014
	<i>(Unaudited)</i>	<i>(Audited)</i>
Debt service reserve account	₱1,031,659,048	₱764,723,025
Debt service payment account	122,669,562	49,177,454
	₱2,258,358,610	₱813,900,479

(ii) Assignment of Project Agreements

Sureste/BRHI shall assign, convey, set over and transfer absolutely to the Security Trustee all of its rights, title and interest, present and future, in and into the Future Project Agreements, the (a) benefit of all claims for damages for the breach by any Counterparty of any term of any of the Project Agreements and all warranties and indemnities contained therein; (b) the right to terminate any of the Project Agreements or agree to the suspension thereof; (c) the right to compel performance of any of the Project Agreements; (d) the right to agree to any variation of the terms of any of the Project Agreements; and (e) the right to pursue any action, proceeding, suit or arbitration arising in relation to any of the rights assigned and to enforce such rights in the name of Sureste/BRHI.

(iii) Mortgage

As a security for timely payment, discharge, observance and performance of the loan, Sureste/BRHI (a) establishes in favor of the Security Trustee for the benefit of the Lender, a first ranking real estate mortgage on the Present Real Assets, i.e. leasehold rights over the phase 1 PAGCOR Land covered by the PAGCOR Lease (see Note 18), and Future Real Assets, i.e. the hotel and gaming facilities; and (b) establish in favor of the Security Trustee for the benefit of the Lender, a first ranking Chattel Mortgage on the Present and Future Chattels..

(iv) Continuing Suretyship

In consideration of the loan and for other valuable consideration receipt of which the Surety, i.e, Sureste/BRHI, acknowledges, Sureste/BRHI agrees that it shall be solidarily liable with BRHI/Sureste to the Lender and the Security Trustee for the payment of the loan.

(v) Pledge

The Pledgor, i.e. BRHI shareholders, shall assign, transfer, deliver, set over and grant to the Security Trustee, a continuing security interest of first priority in, all of its right, title and interest in and to the Pledged Shares, i.e. BRHI shares, and the Additional Pledged Shares, whether now owned or existing or hereafter acquired.

10. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) subsidiaries; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that give them significant influence over the Group and close members of the family of any such individual.

The Group has a contractual arrangement with a related party for the use of aircrafts. Other related party transactions include, contribution to Bloomberry Cultural Foundation, advances to officers and employees and short-term and long-term employee benefits to key management officers.

11. Equity

Capital Stock

Capital stock consists of:

	September 30, 2015 (Unaudited)		December 31, 2014 (Audited)	
	Shares	Amount	Shares	Amount
Capital Stock - ₱1 par value				
Authorized	15,000,000,000	₱15,000,000,000	15,000,000,000	₱15,000,000,000
Issued	11,032,998,225	11,032,998,225	11,032,998,225	11,032,998,225
Issued and outstanding	11,011,191,219	10,834,293,995	11,026,851,506	10,955,549,566

The movement in issued capital stock follows:

	September 30, 2015 (Unaudited)		December 31, 2014 (Audited)	
	Shares	Amount	Shares	Amount
Balance at beginning of year	11,032,998,225	₱11,032,998,225	10,589,800,556	₱10,589,800,556
Subscription and issuance	—	—	443,197,669	443,197,669
Balance at end of year	11,032,998,225	₱11,032,998,225	11,032,998,225	₱11,032,998,225

On February 6, 2012, the stockholders of the Parent Company approved the increase in its authorized capital stock from ₱120.0 million divided into 120.0 million shares to ₱15,000.0 million divided into 15,000.0 million shares both with a par value of ₱1 per share. The increase in authorized capital stock was approved by the SEC on February 27, 2012.

After the increase in authorized capital stock, PMHI subscribed to additional shares in Bloomberry. After the said subscription, PMHI owns 7,325,656,500 shares (including 60 million shares purchased in January 2012) (see Note 1) constituting 78.84% ownership in Bloomberry. Other investors subscribed to 1,946,184,056 Bloomberry shares out of the said increase.

On May 2, 2012, PMHI offered and sold (the "Offer") 1,179,963,700 of its existing Bloomberry shares (the "Offer Shares") at ₱7.50 per Offer Share (the "Offer Price"). PMHI has agreed to subscribe for, and Bloomberry has agreed to issue new shares in an amount equal to the aggregate number of Offer Shares to be sold by PMHI in the Offer and in accordance with the Over-Allotment Option (as defined below) at a price equal to the Offer Price, net of expenses incurred relative to the Offer. This was a placing and subscription transaction to raise funds for Bloomberry.

In connection with the Offer, PMHI granted CLSA Limited, in its role as stabilizing agent (the "Stabilizing Agent") an option, exercisable in whole or in part for a period of 30 days from and including May 2, 2012, to purchase up to 10% of the total number of Offer Shares at the Offer Price, on the same terms and conditions as the Offer Shares, to cover over-allotments (the "Over-Allotment Option").

On May 7, 2012, PMHI subscribed to 1,179,963,700 new Bloomberry shares in replacement to the Offer Shares. Consequently, on May 31, 2012, the Stabilizing Agent exercised the Over-Allotment Option to purchase 117,996,300 shares, equivalent to 10% of the total number of Offer Shares. Additional paid-in capital arising from said transactions amounted to ₱8,024.8 million. Transaction costs incurred relative to issuance of shares in 2012, amounting to ₱76.4 million, were charged against the additional paid-in capital in the 2012 consolidated statement of financial position.

On December 18, 2012, PMHI purchased an additional 3,000,000 Bloomberg shares from the market. Consequently, on December 28, 2012, GGAM exercised its option to acquire 921,184,056 shares of Bloomberg from PMHI.

On November 10, 2014, Bloomberg and its parent company, PMHI, completed a Placing and Subscription Transaction under which PMHI first sold in a private placement to various institutional investors 435,000,000 shares of stock in Bloomberg at ₱13.00 per share. The net proceeds of the private placement were used by PMHI to subscribe to the equivalent number of new shares in Bloomberg at the same subscription price of ₱13.00 per share. Additional paid-in capital arising from said transaction amounted to ₱5,128.4 million and transaction costs incurred relative to the issuance of shares, amounting to ₱4.4 million, were charged against the additional paid-in capital.

Stock Incentive Plan

The Stockholders of the Parent Company approved on June 25, 2012 a Stock Incentive Plan (SIP) for directors, officers, and employees of the Group, effective for a period of ten years unless extended by the BOD. The Participants to the SIP are: permanent and regular employees of the Group or its affiliates with at least one year tenure; officers and directors of the Group; officers and directors of affiliates of the Group; and other persons who have contributed to the success and profitability of the Group or its affiliates.

The SIP is administered by the Stock Incentive Committee (SIC) composed of three directors or officers appointed by the BOD. The SIC determines the number of shares to be granted to a participant and other terms and conditions of the grant.

Unissued shares from the authorized capital stock or treasury shares, which together with shares already granted under the SIP, are equivalent to seven percent (7%) of the resulting total outstanding shares of the Parent Company are allocated for the SIP.

The grant of shares under the SIP does not require an exercise price to be paid by the awardee. The shares awarded shall vest in two years: 50% on the first anniversary date of the award; and the other 50% on the second anniversary date of the award. Vesting grants the participant absolute beneficial title and rights over the shares, including full dividend and voting rights.

Stock awards granted by the SIC to officers and employees of the Group are shown below:

Grant Date	Number of Shares Granted	Fair Value per Share at Grant Date
October 1, 2013	5,792,700	₱10.02
July 1, 2014	4,318,589	10.84
October 27, 2014*	4,486,000	14.98
April 28, 2015	922,645	11.36
August 13, 2015	1,157,403	8.95

**50 percent of the total granted shares has a 3-year vesting period.*

Fair value per share was based on the market price of stock at the date of grant.

Movements in the stock awards granted (number of shares) in 2015 and 2014 follow:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	10,855,539	5,792,700
Stock awards granted	2,080,048	8,804,589
Stock awards vested	(1,620,913)	(2,050,950)
Stock awards of resigned/terminated employees	–	(1,690,800)
Balance at end of period	11,314,674	10,855,539

Total compensation expense on the stock awards recognized in 2015 and 2014 as part of “Operating costs and expenses” in the unaudited consolidated statements of comprehensive income amounted to ₱61.8 million and ₱21.8 million, respectively. The stock incentive obligation recognized as “Share-based payment plan” in the unaudited consolidated statements of financial position amounted to ₱66.0 million and ₱38.0 million as of September 30, 2015 and December 31, 2014 respectively.

Treasury Shares

The movement in treasury shares in 2015 follows:

	Shares	Amount
Balance at beginning of period	6,146,719	₱77,448,659
Purchase of treasury shares	17,218,200	136,005,879
Issuance for share-based payments	(1,620,913)	(14,750,308)
Balance at end of period	21,087,006	₱198,704,230

On October 1, 2014, 2,050,950 shares in the Company vested in favor of several participants under the SIP, as previously discussed. On December 18, 2014, the board of directors of the Company and PMHI approved the borrowing of shares from PMHI to be transferred to the participants whose SIP shares have vested, and to AB Capital and Investment Corp. Trust & Investment Department as trustee with respect to the SIP shares that will vest in 2015, and the subscription by PMHI to new shares to replace the borrowed shares. The transfer by PMHI of shares equivalent to the SIP Shares to said participants was at a sale price of ₱12.60 per share (which was the market price of the shares when the SIP shares were crossed) and the issuance by the Company of shares equivalent to the SIP Shares at a subscription price of ₱12.60 per share to PMHI in replacement of the shares transferred by PMHI to the said participants. Additional paid-in capital arising from this transaction amounted to ₱95.1 million. On July 1, 2015, 1,620,913 shares in the Company vested in favor of several participant under the SIP. As of September 30, 2015, there are 4,525,806 shares that will vest to several participants in the remaining months of 2015.

The shareholders of the Parent Company as of September 30, 2015 and December 31, 2014 are as follows:

	Percentage of Ownership	
	September 30, 2015	December 31, 2014
Shareholders		
PMHI (see Note 1)	58.08%	58.08%
Quasar Holdings, Inc.	8.35%	8.35%
Falcon Investco Holdings, Inc.	2.04%	2.04%
Directors and officers	0.53%	0.52%
Public	31.00%	31.01%
Total	100.00%	100.00%

Set out below is Bloomberry's track record of issuance of its securities:

Date of Approval	Number of Shares		Issue/ Offer Price
	Authorized	Issued/ Subscribed	
May 3, 1999*	120,000,000	80,000,000	₱1.00
February 27, 2012**	15,000,000,000	9,211,840,556	1.00
May 2, 2012***	15,000,000,000	1,179,963,700	7.50
May 31, 2012***	15,000,000,000	117,996,300	7.50
November 10, 2014****	15,000,000,000	435,000,000	13.00
December 18, 2014****	15,000,000,000	8,197,669	12.60

*Date when the registration statement covering such securities was rendered effective by the SEC

**SEC approval of the increase in the authorized capital stock; Offer Shares sold at ₱7.50 on May 2, 2012

***Transaction date per SEC Form 23-B; Includes Offer Shares and Over-Allotment Option

****Transaction date per SEC Form 17-C

As of September 30, 2015 and December 31, 2014, Bloomberry has total shareholders of 81 and 79, respectively, on record. For this purpose, public shares held under PCD Nominee are counted as two (one for PCD Nominee - Filipino and another for PCD Nominee - Foreign). As of September 30, 2015 and December 31, 2014, 1,364,381,725 shares are not yet listed in the stock exchange.

12. Costs and Expenses

This account consists of:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Operating costs and expenses	₱5,925,929,038	₱3,749,687,126	₱17,292,054,893	₱12,074,444,185
Interest expense	586,174,437	102,873,437	1,702,972,566	245,759,956
Foreign exchange losses (gains) - net	(55,330,981)	(70,515,480)	(67,682,493)	(67,004,660)
Mark-to-market loss (gain)	2,413,002	5,709,637	5,543,160	15,359,339
	₱6,459,185,496	₱3,787,754,720	₱18,932,888,126	₱12,268,558,820

13. Lease Agreements

As a Lessee

On May 7, 2010, BRHI entered into a contract of lease with PAGCOR to lease 83,084 square meters of land for the construction of the hotel, gaming and entertainment facility. The lease period shall be for about 23 years, which shall commence upon the execution of the contract and shall be co-terminus with the term of lessor as provided in the PAGCOR charter which will expire on July 11, 2033, unless sooner revoked, rescinded or cancelled. The annual lease rental is based on the schedule provided for in the agreement. No annual lease payments are due during the first two (2) years of the lease period. Rental shall have 5% annual escalation rate starting on the 18th year of the lease period.

BRHI has the option to purchase the entire leased property at any time under such terms and conditions as may be agreed upon with the lessor, and subject to relevant bidding

laws governing the disposal and/or sale of government property including real estate property. BRHI or its designated assignee shall also have the right of first offer and a right to match the terms and conditions of a bona fide offer to purchase the leased property made by a third party.

On May 20, 2011, BRHI and Sureste entered into a deed of assignment whereby BRHI assigned to Sureste all its rights and interest as a lessee under the contract of lease with PAGCOR. Such deed of assignment was approved by PAGCOR on May 26, 2011. Pursuant to the deed of assignment, Sureste undertakes and commits that it will faithfully observe and fully comply with (a) all of the representations, covenants and undertakings of BRHI contained in the contract of lease and (b) the rules and regulations of PAGCOR, to the extent that such representations, covenants, undertakings, rules and regulations are, or may be, applicable to the lessee under the contract of lease. BRHI shall remain solidarily liable to PAGCOR for Sureste's compliance with all the obligations and liabilities of the lessee under the contract of lease.

In December 2012, BRHI and Sureste agreed to amend the above deed of assignment. Pursuant to the amended deed of assignment and with the consent of PAGCOR, BRHI assigned 89% of its leasehold rights over the leased land to Sureste and retained the 11% of such rights. In 2013, an addendum to the contract of lease covering an additional 3,733 square meters of PAGCOR land, was executed. In December 2014, a second addendum to the contract of lease covering and additional 73,542 square meters of PAGCOR land was also executed.

Rent expense related to this lease, capitalized as part of "Property and equipment" amounted to ₱581.9 million and ₱578.4 million as of September 30, 2015 and December 31, 2014, respectively. Rent expense amounting to ₱114.1 million and ₱80.9 million was recognized as part of "Rent expense" account under operating costs and expenses in the three months ended September 30, 2015 and 2014 consolidated statement of comprehensive income.

Future minimum lease payments under this operating lease with PAGCOR follow:

	September 30, 2015	December 31, 2014
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within one year	₱526,370,791	₱531,811,380
Beyond one year but not later than five years	1,982,617,479	2,004,379,836
Beyond five years	5,917,786,530	5,753,853,803
	₱8,426,774,800	₱8,290,045,019

In 2012, BRHI entered into a lease contract for suites in the SM Arena for three years which commenced May 21, 2012 through May 21, 2015. BRHI also entered into other various lease contracts for a period of one year renewable annually.

Future minimum lease payments under the above other operating leases follow:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Within one year	P–	P20,267,397
Beyond one year but not later than five years	–	–
	P–	P20,267,397

Rental charges related to these leases, presented as part of “Rent expense” account under operating costs and expenses in the consolidated statements of comprehensive income for the three months ended September 30, 2015 and 2014 amounted to P126.3 million and P56.8 million, respectively and for the nine months ended September 30, 2015 and 2014 amounted to P388.2 million and P165.7 million, respectively.

Advance rental and security deposits related to the leases discussed above amounted to P119.7 million and P390.0 million as of September 30, 2015 and December 31, 2014, respectively.

14. Commitments and Contingencies

- a. Under the license agreement with PAGCOR, BRHI has the following commitments, among others:
 - Within 30 days, to submit a bank guarantee or LC or surety bond in the amount of P100.0 million to guarantee BRHI’s completion of the project and in subject to forfeiture in case of delay in construction which delay exceeds 50% of the schedule. It will be released upon completion of the Project.
 - License fees must be remitted on a monthly basis, in lieu of all taxes with reference to the income component of the Gross Gaming Revenues: (a) 15% of the gross gaming revenues generated by high roller tables; (b) 25% of the gross gaming revenues generated by non-high roller tables; (c) 25% of the gross gaming revenues generated by slot machines and electronic gaming machines; and (d) 15% of the gross gaming revenues generated by junket operation. PAGCOR agreed to the temporary reduction of these license fees effective April 1, 2014 to 5% (from 15%) and 15% (from 25%) on application by BRHI and other licensees during the pendency of the resolution of the issue on the validity of BIR’s imposition of income tax on PAGCOR’s licensees under RMC 13-2013. This issue is now pending in the Supreme Court following BRHI’s petition against the BIR. The parties agree to revert to the original license fee structure under the Provisional License in the event the BIR action to collect income tax from PAGCOR licensees is permanently restrained, corrected or withdrawn by order of the BIR or the courts or under a new law. The license fees are inclusive of the 5% franchise tax under the PAGCOR Charter.
 - In addition to the above license fees, BRHI is also required to remit 2% of casino revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the BRHI and approved by PAGCOR. BRHI has established Bloomberry Cultural Foundation Inc. (BCF) for this purpose. Amount due to BCF, recognized as part of “Operating cost and expenses” for the nine months ended September 30, 2015 and 2014,

amounted to ₱205.8 million and ₱249.3 million, respectively. Outstanding amount payable to BCF as of September 30, 2015 and December 31, 2014, presented as part of “Payable and other current liabilities”, amounted to ₱30.4 million and ₱27.6 million, respectively. Furthermore, the Group has made advances to BCF amounting to ₱26.6 million and ₱25.9 million as of September 30, 2015 and December 31, 2014, respectively, presented as part of “Prepayments and other current assets” account in the consolidated statements of financial position.

- PAGCOR collects a 5% fee of non-gaming revenue received from food and beverage, retail and entertainment outlets. All revenues of hotel operations should not be subject to the 5% except rental income received from retail concessionaires.
- Grounds for revocation of the license, among others, are as follows: (a) failure to comply with material provision of this license; (b) failure to remit license fees within 30 days from receipt of notice of default; (c) has become bankrupt, insolvent; (d) delay in construction of more than 50% of the schedule; and (e) if debt-to-equity ratio is more than 70:30. As of September 30, 2015 and December 31, 2014, BRHI has complied with the required debt-to-equity ratio.

Total PAGCOR license fee recognized, shown as part of “Taxes and licenses” account, amounted to ₱3,073.9 million and ₱1,521.8 million for the nine months ended September 30, 2015 and 2014, respectively. Outstanding amount payable to PAGCOR and BCF, presented as part of “Gaming taxes payable”, amounted to ₱749.2 million and ₱325.9 million as of September 30, 2015 and December 31, 2014, respectively.

- b. The Group has entered into the following significant contracts related to the Project:

DMCI

On January 18, 2011, Sureste entered into a contract with DMCI to construct its hotel and casino facility. The contract costs amounted to ₱8.6 billion, exclusive of VAT but inclusive of import duties and all other necessary duties, fees and taxes, and the project was fully completed. DMCI was also involved in the construction of the Sky Tower with a contract price of ₱2.3 billion in addition to variable fees based on agreed rates for additional services performed.

D’ Consult International, Inc.

On January 1, 2010, Sureste entered into a consultancy agreement with D’ Consult, International, Inc. (DCI - an affiliate of Design Coordinates, Inc.) for engineering consultancy and construction supervision services. Sureste agreed to pay ₱183.0 million fixed fee, in addition to variable fees based on agreed rates for additional services performed.

KNA Design

The Group has engaged KNA Design, a Los Angeles-based interior design firm, to provide interior design for the hotel component of Sky Tower, for a fixed fee of US\$1.3 million.

TPM

The Group entered into a project management consultancy contract with TPM, one of

Asia's leading construction project management consultancies focused on gaming anchored hospitality development projects, for a fixed fee of US\$2.4 million and staff cost reimbursement of US\$9.3 million.

- c. BRHI entered into junket operator agreements with junket operators who have the primary responsibility of directing gaming patrons to the casino. Based on these agreements, these junket operators are compensated based on a certain percentage of the gaming win/loss or amount wagered (rolling chips). Gaming promoters expense for the three months ended September 30, 2015 and 2014 amounted to ₱ 1,831.7 million and ₱1,459.2 million, respectively and for the nine months ended September 30, 2015 and 2014 amounted to ₱4,776.2 million and ₱3,830.5 million, respectively. Receivable from junket operators as of September 30, 2015 and December 31, 2014 amounted to ₱2,425.3 million and ₱3,099.7 million, respectively.
- d. On September 9, 2011, Sureste and BRHI jointly entered into a Management Services Agreement (MSA) with Global Gaming Philippines, LLC (GGAM) for the technical assistance on all aspects of planning, design, layout, and construction of the Project and for services related to recruitment, selection, and hiring of employees for the Project. GGAM through the Management Team shall also provide management and other related services upon commencement of the Project's commercial operations. Fees per contract amounts to US\$100,000 per month for the technical assistance and US\$75,000 monthly for services related to the pre-opening operations. Upon commencement of the commercial operations and five years thereafter (after which the contract expires unless GGAM extends it for another 5 years), the Group will pay GGAM annual fees equivalent to certain percentages of Sureste's and BRHI's EBITDA.

The Group terminated the MSA effective September 12, 2013 because of material breach of the MSA by GGAM after prior notice and failure of discussions to settle their dispute. Accordingly, the Group has accrued annual fees due to GGAM up to September 12, 2013 only. GGAM sent a notice of arbitration in accordance with the arbitration clause of the MSA. GGAM denies having breached the MSA and alleges that it is BRHI and Sureste who breached the MSA. BRHI and Sureste have submitted their response to the notice of arbitration. The 3-member arbitral tribunal has been duly constituted and now hears the dispute in Singapore under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) using Philippine law as the governing law.

Under the MSA, GGAM was granted the option, from the date of execution of the MSA, to purchase up to 921.2 million shares, equivalent to 9.91% of Bloomberry's outstanding shares (prior to Bloomberry's top-up equity offering) from PMHI at a purchase price equivalent to ₱1.00 per share plus US\$15 million. In December 2012, GGAM exercised its option to acquire 921.2 million shares of Bloomberry from PMHI. On February 25, 2014, the Makati Regional Trial Court (MRTC) granted the Group's application for measures of protection in the form of writs of preliminary attachment and preliminary injunction to restrain GGAM from disposing the Bloomberry shares, and so the judgment that the arbitral tribunal may award in favor of the Group can be enforced against the Bloomberry shares. GGAM has filed a petition for review on certiorari with the Court of Appeals against the decision of the MRTC.

On April 14, 2014, GGAM file a Request for Interim Measures of Protection with the arbitral tribunal asking among others, that: (a) the parties be restored to status quo

ante as of January 15, 2014; (b) GGAM be permitted to sell all of the shares pending the final award by the arbitral tribunal; and (c) BRHI and SPI and their affiliates be enjoined from taking any actions that would interfere with or prevent any sale of the shares. On December 9, 2014, the tribunal issued its Order in Respect of Claimants' Interim Measures of Protection, declaring among others, that the February 25 Order of MRTC is superseded and that parties are restored to their status quo ante as of January 15, 2014 and allowed GGAM to sell the shares. However, the arbitral tribunal expressly denied the request of GGAM to be declared full legal and beneficial owner of the shares, free of any claims, liens or encumbrances by BRHI, SPI and PMHI, and denied the request of GGAM to enjoin BRHI, SPI and PMHI and their affiliates from taking any action that would interfere with or prevent any sale of the shares. The arbitral tribunal emphasizes that it makes no declaration as to the ownership of the shares. The arbitration proceedings on the merits continue to this day.

Following the order of the arbitral tribunal, GGAM filed a Manifestation with the MRTC informing the order of the arbitral tribunal and seeking assistance in the enforcement thereof. BRHI, SPI and PMHI filed a Counter-Manifestation stating among others, the impropriety of the Manifestation given its non-compliance with requirements of the Special Rules of Court and Alternative Dispute Resolution (Special ADR Rules) for enforcement of judgement/interim measures of protection. GGAM also filed a Manifestation and Motion with the Court of Appeals seeking the same relief as that filed with the MRTC. BRHI, SPI and PMHI filed a Comment/Opposition arguing against the grant of the Motion with the Court of Appeals for non-compliance with the Special ADR Rules as well as for forum-shopping. These incidents remain pending with the MRTC and the Court of Appeals

No further details are provided as required under PAS 37, Provisions, Contingent Liabilities and Contingent Assets, because these may prejudice the Group's position in relation to this matter.

- e. Section 13(2)(a) of PD No. 1869 (the PAGCOR Charter) grants PAGCOR an exemption for tax, income or otherwise, as well as exemption from any form of charges, fees, levies, except a 5% franchise tax on the gross revenue or earnings derived by PAGCOR on its operations.

On April 23, 2013, the BIR issued RMC No.33-2013, clarifying that PAGCOR and its contractees and licensees are subject to 30% RCIT on their gaming and non-gaming revenues. Such RMC may affect the tax exemption of BRHI.

Despite this RMC, however, management still believes that the tax benefits granted under the PAGCOR charter inure to the benefit of, and extend to corporations, associations and agencies, individuals with whom PAGCOR has any contractual agreement in accordance with Section 13(2)(b) of the PAGCOR Charter which provides that the exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to the corporations, associations, agencies or individuals with whom PAGCOR, or operator has any contractual relationship in connection with the operations of the casino authorized to be conducted under this franchise and to those receiving compensation of other remuneration from PAGCOR or operator as a result of essential facilities furnished and/or technical services rendered to PAGCOR or

operator.

BRHI, together with other Entertainment City licensees, have filed a request for common administrative relief with PAGCOR from the adverse effect of RMC No. 33-2013. PAGCOR granted BRHI administrative relief and temporarily reduced the license fees by 10 percentage points effective April 1, 2014. To comply with this PAGCOR directive, BRHI started accruing corporate income tax payable to the BIR. The parties agreed to revert to the original license fee structure under the Provisional License in the event the BIR action to collect income tax from PAGCOR is permanently restrained, corrected or withdrawn by order of the BIR or the courts or under a new law.

On June 4, 2014, BRHI filed with the Supreme Court a Petition for Certiorari and Prohibition under Rule 65 of the Rules of Court. The petition seeks to annul the issuance of the Bureau of Internal Revenue of an unlawful governmental regulation, specifically the provision in RMC 33-2013 dated April 17, 2013 subjecting the contractees and licensees of PAGCOR to income tax under the NIRC, as it violates the tax exemption granted to contractees of PAGCOR under Section 13(2)(b) of P.D. 1869. On January 5, 2015, BRHI received the Comment of the BIR dated December 17, 2014. In its Comment, the BIR raised the following defenses: 1) that the issuance of RMC 33-2013 is not tainted with grave abuse of discretion; 2) the remedy of prohibition will not lie to undo an act that is already fait accompli; and 3) tax exemptions are strictly construed against the party seeking exemption. As of September 30, 2015, BRHI is still waiting for the resolution by the Supreme Court of its petition.

However the Supreme Court en banc decision dated December 10, 2014 in PAGCOR v. BIR (G.R. No. 215427), has effectively reversed the legal basis for BIR's issuance of RMC 33-2013. The Supreme Court declared that PAGCOR's tax privilege of paying only the 5% franchise tax in lieu of all other taxes under its charter has not been repealed by RA 9337 (which deleted PAGCOR from the list of tax exempt GOCC's in the National Internal Revenue Code). The Supreme Court ordered the BIR, among others, to cease and desist the implementation of RMC No. 33-2013 imposing corporate income tax on PAGCOR's income derived from its gaming operation. This Supreme Court decision supports BRHI's position in its own petition against the BIR pending before the Supreme Court concerning its tax exemption as a licensee under the PAGCOR Charter.

15. Basic/Diluted Earnings (Loss) Per Share on Net Income (Loss) Attributable to Equity Holders of the Parent Company

The following table presents information necessary to calculate earnings per share:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
(a) Net income (loss) attributable to equity holders of the Parent Company	(P187,437,504)	P991,666,717	(P1,493,761,313)	P3,299,477,831
(b) Weighted Ave. of issued shares	11,032,998,225	10,589,800,556	11,032,998,225	10,589,800,556
(c) Weighted Ave. number of treasury shares	(15,887,694)	—	(9,501,590)	—
(d) Weighted Ave. number of shares, net of treasury shares	11,017,110,531	10,589,800,556	11,023,496,635	10,589,800,556

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Weighted average of stock awards granted:				
Unvested on October 1, 2013	2,050,950	–	2,050,950	–
5,792,700 on October 1, 2013	–	5,792,700	–	2,913,641
4,318,589 on July 1, 2014	4,318,589	4,318,589	4,318,589	4,318,589
4,486,000 on October 27, 2014	4,486,000	–	4,486,000	–
922,645 on April 28, 2015	615,097	–	307,548	–
1,157,403 on August 13, 2015	578,702	–	289,351	–
(e) Weighted Ave. stock awards granted	12,049,337	10,111,289	11,452,438	7,232,230
(f) Weighted Ave. number of shares, net of treasury shares adjusted for dilution	11,029,159,868	10,599,911,845	11,034,949,073	10,595,593,256
Earnings (Loss) Per Share				
Basic (a)/(d)	(P0.017)	P0.094	(P0.136)	P0.312
Diluted (a)/(f)	(P0.017)	P0.094	(P0.135)	P0.311

16. Segment Information

The results of the Group's reportable business segment for the three months and nine months ended September 30, 2015 and 2014 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Consolidated Earnings before Interests, Taxes, Depreciation and Amortization (EBITDA)	P2,406,294,909	P2,434,339,905	P5,727,811,918	P6,945,542,024
Depreciation and amortization	(1,237,275,998)	(672,185,273)	(3,595,503,874)	(2,045,052,816)
Interest expense	(586,174,437)	(102,873,437)	(1,702,972,566)	(245,759,956)
Foreign exchange gains (losses) – net	55,330,981	70,515,480	67,682,493	67,004,660
Mark-to-market loss	(2,413,002)	(5,709,637)	(5,543,160)	(15,359,339)
Benefit from (provision for) deferred income tax	(825,246,957)	(732,420,321)	(2,000,561,043)	(1,406,896,742)
Consolidated net income (loss)	(P189,484,504)	P991,666,717	(P1,509,086,232)	P3,299,477,831

The assets and liabilities of the Group's reportable business segment as of September 30, 2015 and December 31, 2014 are as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Assets:		
Segment assets	P70,910,803,605	P67,678,094,987
Deferred tax assets - net	–	–
Total assets	P70,910,803,605	P67,678,094,987
Liabilities:		
Segment liabilities	P46,901,266,731	P41,887,857,538
Deferred tax liabilities - net	109,850,075	111,020,371
Segment liabilities	P46,839,343,277	P41,998,877,909

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis relate to the consolidated financial condition and operating results of the Company and its subsidiaries and should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes as of September 30, 2015 and for the three months and nine months ended September 30, 2015 and 2014 and as of and for the year ended December 31, 2014.

OVERVIEW

The Company was engaged in the manufacture of printed circuit board up to 2003. It ceased commercial operations in December 2003 up to 2011. On February 27, 2012, the SEC approved the change in its primary purpose to that of a holding company. The Company now has Sureste, BRHI, Bloom Capital B.V., Solaire de Argentina S.A. and Solaire Korea Co., Ltd. as its subsidiaries.

Sureste Properties, Inc.

Sureste was incorporated in 1993 as a property holding company. On July 2, 2010, Sureste amended its primary purpose to develop and operate tourist facilities including hotel - casino entertainment complexes. Sureste is registered with the Philippine Economic Zone Authority ("PEZA") as developer of a hotel project in a PEZA Tourism Economic Zone. As a result, Sureste enjoys certain incentives granted by the Government in relation to the hotel component of Solaire Resorts & Casino, including reduced tax rates. In 2011, in compliance with the requirements of PEZA, Sureste divested itself of all its non-hotel assets including its ownership in Monte Oro Resources and Energy Inc. ("MORE") and various prime real estate properties. Sureste acquired all the shares of BRHI on January 12, 2011.

Bloomberry Resorts and Hotels Inc.

On February 27, 2008, BRHI was incorporated as Bloombury Investments Holdings Inc. ("BIHI") for the purpose of developing and operating tourist facilities, including casino-entertainment complexes with casino, hotel, retail and amusement areas and themed development components. On April 8, 2009, BRHI was granted a Provisional License by PAGCOR to establish and operate integrated casino, hotel and entertainment complex at the Entertainment City in Paranaque City. On September 21, 2010, the SEC approved the change of BIHI's name to BRHI.

Bloom Capital B.V.

In 2013, the Bloomberry subscribed to 60% of the capital stock of Bloom Capital B.V., a financial holding entity incorporated in the Netherlands as a private company with limited liability under the Dutch law on November 21, 2013. On October 23, 2014, Bloomberry acquired the remaining 40% capital stock of Bloom Capital B.V. In 2014, Bloom Capital B.V. acquired 94% shares in Solaire de Argentina S.A.

Solaire Korea Co., Ltd.

On December 28, 2014 Bloomberry established through a nominee a new company Solaire Korea Co., Ltd. (Solaire Korea) to hold the Group's investment interest in the Republic of Korea. After a series of stock subscriptions, Bloomberry now owns 100% of Solaire Korea.

G&L Co., Ltd.

On April 24, 2015, Solaire Korea acquired 77.26% of the outstanding shares of G&L Co., Ltd.(G&L). Subsequently on May 22, 2015, it acquired additional 18.98% of G&L, bringing Solaire Korea's ownership in G&L to 96.23%. On August 20, 2015, Bloomberg acquired 10.00% of the outstanding shares of G&L from Solaire Korea. G&L is a hotel and casino operator in Jeju Island in the Republic of Korea.

Solaire Resort & Casino

Solaire Resort & Casino ("Solairé"), was the first Philippine premium/luxury hotel and gaming resort in Entertainment City. BRHI, as the license holder, operates the casino while Sureste operates the hotel and non-gaming business.

On March 16, 2013, the Group commenced commercial operations, upon completion of Bay Tower (previously referred to as Phase 1) of Solairé, along with the opening of the main gaming area and initial non-gaming amenities, such as Solairé's hotel, food and beverage outlets.

Bay Tower of Solairé consists of a casino with an aggregate gaming floor area of approximately 18,500 square meters (including approximately 6,000 square meters of exclusive VIP gaming areas), with approximately 1,400 slot machines, 295 gaming tables and 88 electronic table games. Bay Tower has 488 hotel rooms, suites and bayside villas, and 15 specialty restaurants and F&B outlets including (the number of seats are approximations): 240-seat Chinese restaurant, 150-seat American steakhouse, 150-seat Japanese restaurant, 120-seat Italian restaurant, 250-seat international buffet/coffee shop, 176-seat noodle shop, 150-seat live entertainment lounge and 220-seat food court and 20 seat lobby bar, and a 50-seat lounge area. It has a multilevel parking building with approximately 1,500 parking slots, a grand ballroom with approximately 1,000 seats, spa and fitness center, and bayview promenade.

On November 22, 2014, Bloomberg opened the Sky Tower, which was previously referred to as Phase 1A development of Solairé. Contiguous to the existing Solairé Resort and Casino, the Sky tower consist of a 312 all-suite hotel, additional ten VIP gaming salons with 66 gaming tables and 223 slot machines, an exclusive House of Zhou Chinese restaurant and The Macallan Whisky and Cigar Bar for VIP gamers, state-of-the-art meeting rooms (The Forum) and a lyrical theater (The Theatre). The Sky Tower also features two restaurants, the Waterside Restobar and Oasis Garden Café. The Theatre is a certified 1,760-seat lyric theatre designed to provide a superior audio-visual experience for wide range of theatre plays and musicals, dance performances, concerts, and amplified music and speech events. It is also accessible to a new multi-level parking garage that can accommodate and secure over 3,000 vehicles. The Forum is a 1,000 square meter meeting facility with eight meeting rooms, two boardrooms and a column-free grand ballroom and a flexible pre-function area. Further additions to electronic gaming machines and tables were made since opening. As of September 30, 2015, total number of electronic gaming machines and tables were at 1,773 and 394, respectively.

Jeju Sun Hotel & Casino

On April 24, 2015 and subsequently on May 22, 2015, Bloomberg through its wholly-owned subsidiary, Solaire Korea, acquired majority ownership of G&L. G&L operated a hotel and casino property in Jeju, Korea under the brand names "T.H.E Hotel" and "LVegas Casino". Upon takeover of operation by Bloomberg, the property was rebranded as "Jeju Sun Hotel & Casino". The property consists of 202-room hotel with 5 Hibiscus rating, 2,000 square meters of gaming operation with 36 tables and 20 electronic gaming machines. The property

has four F&B outlets to service its hotel guests and casino players. The casino operation of Jeju Sun was suspended last May 10, 2015 pending the completion of the renovation of the expanded gaming area of the property. On September 15, 2015, Jeju Sun resumed its casino operations after substantially completed the renovation of the gaming facilities.

OPERATING RESULTS

The following are the key performance indicators of the Group for the third quarter and first nine months of 2015 with comparison for 2014:

Table 2.0 Key Performance Indicators

	For The Three Months Ended September 30		For The Nine Months Ended September 30	
<i>In thousands pesos except for ratios</i>	2015	2014	2015	2014
EBITDA	₱2,406,295	₱2,434,340	₱5,727,812	₱6,945,542
Net Debt to Equity Ratio (D/E)	1.21	1.23	1.21	1.23
Current Ratio	1.81	1.79	1.81	1.79
Total Assets	70,910,804	58,974,287	70,910,804	58,974,287
Return on Equity (ROE)	(0.8%)	5.6%	(6.1%)	18.6%

EBITDA is earnings before interest, taxes, depreciation and amortization.

Net Debt to Equity Ratio (D/E Ratio) is the ratio of the borrower's total liabilities net of cash to total shareholder's equity.

Current Ratio is a liquidity ratio that measures the company's ability to pay short-term obligations.

Return on Equity (ROE) is calculated by dividing the Company's annual earnings by shareholders' equity

The following table shows a summary of the operating results of the Group for the three months and nine months ended September 30, 2015 and 2014 as derived from the accompanying unaudited condensed consolidated financial statements.

Table 2.1 Unaudited Consolidated Statements of Income

	For the Three Months Ended September 30		%	For the Nine Months Ended September 30		%
<i>In thousands, except % change data</i>	2014	2015	Change	2014	2015	Change
Revenues	₱5,511,842	₱7,094,948	28.8%	₱16,974,934	₱19,424,363	14.4%
Cost and Expenses	3,787,755	6,459,185	70.5%	12,268,559	18,932,888	54.3%
Provision for (Benefit from) Income Tax	732,420	825,247	12.7%	1,406,897	2,000,561	42.2%
Net Income (Loss)	991,667	(189,485)	(119.1%)	3,299,478	(1,509,086)	(145.7%)
Earnings (Loss) Per Share:						
Basic	0.094	(0.017)	(118.1%)	0.312	(0.136)	(143.4%)
Diluted	0.094	(0.017)	(118.1%)	0.311	(0.135)	(143.5%)

OPERATING RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 COMPARED WITH 2014

The following table shows the geographical segments of the operating results of the Group for the three months ended September 30, 2015 and 2014. For 2014, the Group's operations consisted solely of Philippines (Solaire).

	For Three Months Ended September 30				% Change
	2015			2014	2014 vs. 2015
<i>In thousands, except % change data</i>	Philippines	Korea	Consolidated	Consolidated	
Gross gaming revenues	₱8,849,045	₱124,303	₱8,973,348	₱7,406,195	21.2%
Promotional allowances/contra accounts	2,373,565	6,684	2,380,249	2,169,586	9.7%
Net gaming revenues	6,475,480	117,619	6,593,099	5,236,610	25.9%
Non-gaming & other revenues	420,956	80,893	501,849	275,232	82.3%
Net revenues	6,896,436	198,512	7,094,948	5,511,842	28.9%
Cash operating expenses	3,762,404	222,968	3,985,371	2,915,564	36.7%
Provisions for doubtful accounts	703,282	-	703,282	161,938	334.3%
EBITDA	2,430,750	(24,455)	2,406,295	2,434,340	(1.2%)
Depreciation and amortization	1,213,308	23,967	1,237,276	672,185	84.1%
Interest, foreign exchange loss & others	110,703	422,554	533,257	38,068	1,321.0%
Provision for income tax	825,247	-	825,247	732,420	12.7%
Net profit (Loss)	₱281,492	(₱470,976)	(₱189,485)	₱991,667	(119.1%)

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the three months ended September 30, 2014 and 2015:

Table 2.2 Revenues

	For the Three Months Ended September 30		% Change
<i>In thousands, except % change data</i>	2014	2015	2014 vs. 2015
Gaming	₱7,406,195	₱8,973,348	21.2%
Hotel, food and beverage	231,619	392,734	69.6%
Retail and others	18,542	93,151	402.4%
Interest income	25,071	15,964	(36.3%)
Gross revenue	7,681,427	9,475,185	23.4%
Less contra revenue accounts	2,169,586	2,380,249	9.7%
Net revenues	₱5,511,842	₱7,094,948	28.9%

In the third quarter of 2015, gross gaming revenue accounted for 94.7 percent and non-gaming (including hotel, food and beverage, retail and other) contributed 5.1 percent of gross revenues while the balance of 0.2 percent represented interest income. For the same period last year, gross gaming revenue was 96.5 percent of total revenue; hotel, food and beverage accounted 3.2 percent; and interest income for 0.3 percent. Contra revenue increased to ₱2,380.2 million, an increase of 9.7 percent, based principally on rebates for junket operators which had correspondingly higher revenues, rebates for VIP guests as well as other promotional incentives provided to guests in the highly competitive gaming market of Manila.

Gaming

Philippines

Solaire's gross gaming revenue for the third quarter of 2015 increased by 19.5 percent to ₱8,849.0 million compared to the same period last year, driven by an increase of ₱895.6 million in gross VIP revenues, ₱190.8 million in mass tables and ₱101.7 million in gross slot revenue. Gaming capacity increased by 66 table games and 223 slot machines with the opening of the Sky Tower in November 2014, resulting in an increase in Solaire's gaming positions by 622. Net gaming revenues increased by 23.7 percent year-on-year or ₱1,238.9 million for the quarter.

Visitation for the quarter ended September 30 2015 totaled 1.191 million and increase of 3.8 percent compared to 1.147 million for the same period in 2014.

Korea

Jeju Sun registered ₱124.3 million gross gaming revenues for the third quarter of 2015 after it resumed its gaming operations on September 15, 2015 (15 days of operations for the quarter). Taking into account the effect of the accounting adjustments made affecting prior quarter results, actual gross gaming revenues for the quarter was only ₱12.1 million. Management decided to suspend its casino operation in May 2015 to comprehensively remodel and enlarge the property's gaming area.

Hotel, Food and Beverage

Philippines

Solaire achieved ₱349.0 million of hotel, food and beverage net revenues compared to ₱231.6 million in the prior year, an increase of ₱117.4 million or 50.7 percent. This was

mainly due to higher available room nights from Sky Tower as well as additional food and beverage venues and resulting covers. Hotel occupancy for the third quarter of 2015 averaged 80.0 percent based on an expanded room count compared to 89.8 percent for the same period last year. In addition, the average room rate for hotel cash revenue increased by 14.3 percent from ₱5,116 for the third quarter of 2014 to ₱5,849 for the quarter ended September 30, 2015.

The hotel cash revenues accounted for 43.9 percent for the current quarter ending September 30, 2015 compared to 44.6 percent for the prior year quarter while F&B cash revenues accounted for 53.2 percent of total F&B revenue compared to 41.6 percent of total F&B revenues for the prior year quarter. Solaire served approximately 466,000 covers for the third quarter of 2015 versus approximately 430,000 in the same period last year, an increase of 8.2 percent, as a result of additional venues in Sky Tower and higher visitation at Solaire.

Korea

The hotel and F&B operation of Jeju Sun generated ₱43.7 million of revenue for this quarter 44.4 percent lower than second quarter results after Bloomberry took over operations of the property. The lower revenue was the immediate result of the planned suspension of casino operation as well as the MERS outbreak in Korea, which slowed down the Chinese tourist arrivals in island of Jeju. The outbreak that lasted until the end July 2015 caused the hotel occupancy for the quarter to fall to 39.9 percent from 58.9 percent recorded in the second quarter of 2015.

Retail and Others

Philippines

Revenues for retail, spa, transportation and other surged by 197.1 percent from ₱18.5 million in the prior year to ₱55.1 million for the third quarter of 2015. A variety of factors contributed to the three-fold increase, namely, (1) increase in visitation to the property by patrons who utilize these ancillary non-gaming services; (2) more frequent events at the Theatre and the Forum; and (3) higher room nights.

Korea

Jeju Sun contributed ₱9.6 million in retail revenue for the quarter.

Interest Income

Consolidated interest income decreased by 36.7 percent to ₱15.9 million from ₱25.1 million in 2014 relatively because of lower average consolidated cash balance for the quarter.

COST AND EXPENSES

Cost and expenses consist of: (1) Operating cost and expenses; (2) Interest expense; (3) Foreign exchange losses (gains); and (4) Mark-to-market losses.

The table below shows the breakdown of total expenses for 2014 and 2015.

Table 2.3 Expenses

<i>In thousands, except % change data</i>	For the Three Months Ended September 30		% Change
	2014	2015	2014 vs. 2015
Costs and expenses:			
Operating cost and expenses	₱3,749,687	₱5,925,929	58.0%
Interest expense	102,873	586,174	469.8%
Foreign exchange losses (gain) – net	(70,515)	(55,331)	(21.5%)
Mark-to-market loss	5,710	2,413	(57.7%)
Total	₱3,787,755	₱6,459,185	70.5%

Total cost and expenses of the Group for the three months ended September 30, 2015 increased by 70.5 percent to ₱6.5 billion. This significant increase was mainly due to the opening of Solaire's Sky Tower and the consolidation of the results of operation of Jeju Sun as well as the overhead expenses of Solaire Korea.

Philippines

Operating cost and expenses increased by ₱1,929.3 million, or 51.5 percent compared to third quarter of 2014. The reasons for the increase are as follows: 1) higher bad debt expense of ₱541.3 million; 2) depreciation and amortization of ₱537.7 million related to a full quarter depreciation of Sky Tower; 3) incremental payroll costs of ₱98.5 million resulting from new employees hired in connection with the opening of the Sky Tower; 4) an increase of ₱102.6 million in outside services for the maintenance of the building now that many of the warranties for the Bay Tower have expired; 5) an increased of ₱57.6 million in utility expenses related to the Sky Tower; 6) higher advertising and promotions expense amounting to ₱136.2 million; and, 7) additional gaming taxes of ₱97.1 million as a result of higher gaming revenues.

Interest expense increased by 449.2 percent from ₱102.9 million to ₱565.1 million over the prior year's quarter, resulting from incremental interest on the ₱11.425 billion Corporate Notes that was utilized to construct the Sky Tower. With the opening of Sky Tower and amenities, the ability to capitalize interest related to this loan facility ceased in November 2014 and, accordingly, interest expense is now recognized in full versus being capitalized during the construction period.

Solaire recorded a net gain in foreign currency exchange of ₱180.7 million for the third quarter of 2015 related to monetary transactions with vendor payments compared to a foreign gain of ₱70.5 million for the same period in 2014. Solaire maintains an adequate level of cash denominated in US and Hong Kong dollars, which are subject to exchange losses and gains.

The redesign of one of Solaire's restaurants resulted in a write off of its fit out cost amounting to ₱36.9 million (loss on asset disposal).

Korea

Other than the last 15 days of September, the casino area of Jeju Sun was under renovation to expand and improve its facilities. While these facilities were being renovated, the property continued to incur operating expenses including salaries and benefits, maintenance, supplies, utilities and outside services. On the other hand, Solaire Korea's overhead expenses consist mainly of salaries and benefits, outside services and office expenses. Solaire Korea and Jeju Sun contributed ₱246.9 million of combined operating costs and expenses. In addition, they incurred ₱19.5 million of interest expense and recognized ₱403.0 million in foreign exchange losses mainly due to the restatement of its US dollar denominated liabilities to Bloomberry.

Cash Operating Expenses

Consolidated cash operating expenses for the quarter increased by 36.7 percent from ₱2,915.6 million in 2014 to ₱3,985.4 million in 2015. Discounting the cash operating expenses of Jeju Sun and Solaire Korea, cash operating expenses increased only by 29.1 percent.

EBITDA

Philippines

EBITDA for the third quarter of 2015 totaled ₱2,430.8 million, slightly lower than the same period last year taking into account the incremental P541.3 million in incremental provision for doubtful accounts. EBITDA margin as a percentage of net revenues for the third quarter of 2015 declined to 33.9 percent compared to the 44.2 percent margin for the same quarter in the prior year.

Korea

The consolidated EBITDA was reduced by the ₱154.4 million negative EBITDA registered by Solaire Korea and its subsidiary, Jeju Sun. This was primarily the result of the suspension of the casino operation in Jeju Sun, the lower hotel occupancy of the property and Solaire Korea's overhead cost for the quarter. After giving effect certain accounting adjustments in the previous quarter resulting from the purchase price allocation, the negative EBITDA for the quarter was reduced to ₱16.7 million.

Provision for (Benefit From) Income Tax

In the third quarter of 2015, Solaire incurred ₱825.2 million of current income tax provision compared to ₱732.4 million for the same period in 2014. PAGCOR granted BRHI administrative relief and temporarily reduced the license fees by 10 percentage points effective April 1, 2014. To comply with this PAGCOR directive, BRHI started accruing corporate income taxes payable to the Bureau of Internal Revenue (BIR).

Accounting for the PAGCOR agreement is such that based on how much income tax is accrued for the BIR compared to the previous gaming tax rates utilized an incremental amount of gaming taxes can be assessed so that collectively the income tax and gaming taxes is equivalent to the total taxes paid utilizing the original gaming tax rates. This is the reason that the effective income tax rate for the quarter ending September 30, 2015 is 98.3 percent of pre-tax income whereas the effective tax rate for the same period last year was 41.6 percent. The effective tax rate is only reflective of BRHI's income before taxes as SPI is currently not incurring any income taxes with the Bureau of Internal Revenue as taxable income is negative.

Solaire Korea and Jeju Sun did not recognize any provision for income tax because of their respective taxable loss position.

Net Income (Loss)

While costs outpaced revenues for the quarter brought about by higher bad debts provision, depreciation and amortization and financing cost, the Philippine operation managed to

registered a net income of ₱281.5 million for the quarter, a turn-around from second quarter's net loss of ₱854.2 million. The Korean operation on the other hand posted a net loss of ₱471.0 million for the quarter resulting to a consolidated net loss for the quarter of ₱189.5 million.

The basic loss per share of ₱0.017 for third quarter 2015 was a reversal from last year's earnings per share of ₱0.094 in the third quarter. The basic and diluted earnings (loss) per share for 2015 and 2014 were the same even after considering the shares granted under the stock incentive plan.

OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 COMPARED WITH 2014

The following table shows the geographical segment of the operating results of the Group for the nine months ended September 30, 2015 and 2014. For 2014, the Group's operations consisted solely of Philippines (Solaire)..

<i>In thousands, except % change data</i>	For Nine Months Ended September 30				% Change 2014 vs. 2015
	Philippines	Korea	Consolidated	Consolidated	
Gross gaming revenues	₱24,491,265	₱60,189	₱24,551,454	₱21,526,490	14.1%
Promotional allowances/contra accounts	6,504,385	6,684	6,511,069	5,463,712	19.2%
Net gaming revenues	17,986,880	53,505	18,040,385	16,062,778	12.3%
Non-gaming & other revenues	1,210,994	172,984	1,383,978	912,156	52.5%
Net revenues	19,197,874	226,489	19,424,363	16,974,934	14.5%
Cash operating expenses	11,498,398	530,487	12,028,885	9,770,817	23.1%
Provisions for doubtful accounts	1,667,666	-	1,667,666	258,575	544.9%
EBITDA	6,031,810	(303,998)	5,727,812	6,945,542	(17.4%)
Depreciation and amortization	3,553,880	41,624	3,595,504	2,045,053	75.8%
Interest, foreign exchange loss & others	1,071,857	568,976	1,640,833	194,115	749.1%
Provision for income tax	2,000,561	-	2,000,561	1,406,897	42.2%
Net profit (Loss)	(₱594,489)	(₱914,598)	(₱1,509,086)	₱3,299,478	(145.7%)

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the nine months ended September 30, 2014 and 2015:

Table 2.4 Revenues

<i>In thousands, except % change data</i>	For the Nine Months Ended September 30		% Change 2014 vs. 2015
	2014	2015	
Gaming	₱21,526,490	₱24,551,454	14.1%
Hotel, food and beverage	784,130	1,150,729	46.8%
Retail and others	65,897	174,277	164.5%
Interest income	62,129	58,972	(5.1%)
Gross revenues	22,438,646	25,935,432	15.6%
Less contra revenue accounts	5,463,712	6,511,069	19.2%
Net revenues	₱16,974,934	₱19,424,363	14.5%

In the first nine months of 2015, gross gaming revenues accounted for 94.6 percent and non-gaming (including hotel, food and beverage, retail and other) contributed 5.1 percent of net revenues while the balance of 0.3 percent represented interest income. Contra revenue

increased 19.2 percent to ₱6,511.1 million resulting from additional junket commissions and other promotional allowances granted to patrons.

Gaming

Philippines

Solaire's gross gaming revenue in the first nine months of 2015 were ₱24,491.3 million an increase of 13.8 percent from the prior year nine month ending September 30, 2014. Primary components of the increase were junket revenues which accounted for ₱2,116.2 million of the increase, followed by slot devices which posted ₱739.1 million increase and mass tables contributing ₱523.3 million.

During the nine months of 2015 management intensified promotion and marketing efforts through unveiling creative programs, hosting special events, increasing promotions, and continuing to establish and mature its marketing presence in the Asian Region. These programs include hiring and retaining experienced senior executives in mass and VIP marketing and other strategic marketing activities.

As of September 30, 2015, there are 97 junket operators that had contractual agreements with Solaire to bring in foreign VIP players and Solaire Rewards Club membership had reached 490,000. In May 2015, Solaire unveiled a new player's tiered program in order to refine its incentivization program with patrons for purposes of maintaining and gaining market share. Re-investment levels have increased for the nine months ended September 30, 2015 as noted previously in terms of the percentage of contra revenue that is being provided as well as significant increases in VIP and mass marketing expenses.

Korea

Jeju Sun registered gross gaming revenues of ₱60.2 million for the period. In May 2015, management decided to suspend its casino operation to improve and increase the property's gaming area. On September 15, 2015, Jeju Sun resumed its casino operation after the substantial completion of the renovated and expansion of the gaming facilities.

Hotel, Food and Beverage

Philippines

Solaire generated ₱1,028.4 million of hotel, food and beverage revenues an increase of ₱244.3 million or 31.2 percent from 2014. Hotel occupancy for the nine months of 2015 averaged 77.9 percent with an additional 84,000 available room nights at the Sky Tower in comparison to 84.6 percent for the nine months of 2014. The hotel cash revenues were 44.4 percent for the first nine months of 2015 compared to 57.4 percent for the comparative period in 2014 as a result of a significant use of hotel room comps in 2015. F&B cash revenues accounted for 49.5 percent of F&B revenues compared to 47.8 percent in prior years comparative period. Increased utilization of hotel comps resulted in the lower cash to comp revenue ratio for hotel occupancy during the nine months of 2015.

Food and beverage covers for the nine months of 2015 were approximately 1,434,000 in comparison to approximately 1,204,000 covers for the nine months of 2014 and increase of 19.1 percent. Average check for the nine months of 2015 increased 4.4% over the same period in prior year to ₱855.

Korea

The hotel and F&B operation of Jeju Sun was able to register ₱122.3 million of revenue for the period since it was acquired. With the suspension of casino operation as well as the MERS outbreak in Korea, hotel occupancy further declined to 49.2 percent as compared to 58.9 percent as of the second quarter of 2015.

Retail and Other

Philippines

Revenues from retail, spa, transportation and other totaled ₱126.2 million for the nine months of 2015 representing an increase of 91.5 percent over prior year with transportation making up over 50.2 percent of total. Retail and other benefited from increased available rooms and increased visitation as noted in the quarter analysis.

Korea

Jeju Sun managed to contribute ₱12.1 million in retail revenue for the period.

Interest Income

Consolidated interest income increased by ₱4.1 million or 6.7 percent from the first nine months of 2014 mainly because of interest income contributed by the Parent Company and the Korean operations amounting to ₱39.5 million. Despite the reduced EBITDA as well as other funding requirements, Solaire generated operating cash flows totaling ₱7.8 billion to support its current obligations and service its financing obligations. Solaire's total cash increased in the middle of February 2014 when BRHI successfully issued the Corporate Notes amounting to ₱11.425 billion which resulted in higher cash balances and increased interest income during that period.

COST AND EXPENSES

Cost and expenses consist of: (1) Operating cost and expenses; (2) Interest expense; (3) Foreign exchange loss; and (4) Mark-to-market loss.

The table below shows the breakdown of total expenses for 2014 and 2015.

Table 2.5 Expenses

	For the Nine Months Ended September 30		% Change
<i>In thousands, except % change data</i>	2014	2015	2014 vs. 2015
Costs and expenses:			
Operating cost and expenses	₱12,074,444	₱17,292,055	43.2%
Interest expense	245,760	1,702,973	592.9%
Foreign exchange loss (income) – net	(67,005)	(67,682)	1.0%
Mark-to-market loss	15,359	5,543	(63.9%)
Total	₱12,268,559	₱18,932,888	54.3%

Philippines

Operating cost and expenses increased 38.5 percent to ₱16,719.9 million for the nine months ending September 30, 2015 primarily as the result of costs and expenses related to the full operation of Sky Tower and related amenities for the nine months of 2015. Major components of the increase in operating cost and expense are as follows: 1) ₱1,498.0 million or 73.3 percent increase in depreciation and amortization; 2) ₱1,409.9 million increase in bad

debt expense; 3) ₱521.4 million in additional payroll; 4) ₱222.5 million in additional land rent to PAGCOR for land utilized by the new parking structure developed in the Sky Tower phase; 5) ₱282.4 million for outside contractors primarily in engineering related capacities; and, 6) ₱377.8 million for additional advertising and promotions.

During the nine months of 2015 Bloomberry and its Philippine subsidiaries recognized a foreign exchange gain of ₱500.8 million as a result of favorable exchange rate transactions with its patrons and vendors compared to a foreign exchange gain of ₱67.0 million in the nine months of 2014. Mark to market loss totaled ₱5.5 million for the nine months of 2015 compared to ₱15.4 million loss for 2014. A portion of Solaire's cash is denominated in US and Hong Kong dollars.

The ₱36.9 million on loss on asset disposal results from the retrofit of one of Solaire's restaurants and write-off of fit out costs that will not be utilized with the new design.

Korea

For most part since Bloomberry took control of Jeju Sun, the casino area was under renovation to expand and improve its facilities. While these facilities were being renovated, the property continued to incur operating expenses mainly salaries and benefits, maintenance, supplies, utilities and outside services. On the other hand, Solaire Korea's overhead expenses consist mainly of salaries and benefits, outside services and office expenses. Solaire Korea and Jeju Sun incurred ₱1,148.4 million of combined operating costs and expenses. In addition, they incurred ₱135.9 million of interest expense and recognized ₱433.1 million in foreign exchange losses mainly due to the restatement of its US dollar denominated liabilities to Bloomberry.

Cash Operating Expenses

Consolidated cash operating expenses for the first nine months of 2015 increased by 23.1 percent from ₱9,770.8 million in 2014 to ₱12,028.9 million in 2015. Discounting the cash operating expenses of Jeju Sun and Solaire Korea, cash operating expenses increased only by 17.7 percent.

EBITDA

Philippines

EBITDA for the nine months of 2015 totaled ₱6,031.8 million a decrease ₱913.7 million or 13.2 percent from the nine months of 2014. Despite increased revenues in all categories except for interest income increased cash and non-cash operating costs and expenses associated with operation of the Sky Tower and related amenities outpaced the revenue growth. Further, the incremental provision for doubtful accounts represented ₱1,409.1 million in incremental costs compared to the same period in the prior year. EBITDA margin as a percentage of net revenues for the nine months of 2015 was 31.4 percent compared to 40.9 percent for the nine months of the prior year.

Korea

The consolidated EBITDA was reduced by the ₱304.0 million negative EBITDA registered by Solaire Korea and its subsidiary, Jeju Sun. This was primarily the result of the suspension of the casino operation in Jeju Sun, the lower hotel occupancy of the property and Solaire Korea's overhead cost for the period.

Provision for (Benefit From) Income Tax

In the nine months of 2015, Solaire recognized ₱2,000.6 million of current provision for income tax compared to ₱593.7 million for the same period in 2014. In 2014, PAGCOR granted BRHI administrative relief and temporarily reduced the license fees by 10 percentage points effective April 1, 2014. To comply with this PAGCOR directive, BRHI started accruing corporate income taxes payable to the Bureau of Internal Revenue (BIR).

Net (Loss) Income

While Solaire's net revenues increased for the nine months of 2015 by ₱1,924.1 million, total expenses increased 45.0 percent to ₱5,523.2 million for the reasons previously noted resulting in income before taxes of ₱1,406.1 million, or 7.3 percent of net revenue for the nine months ended September 30, 2015 compared to ₱4,706.4 million or 27.7 percent of net revenue for the same period last year. As a result of the PACGOR tax configuration the net provision for the nine months was ₱2,000.6 million representing an effective income tax rate of 163.3 percent of income before tax compared to ₱1,406.1 million in the prior year at an effective rate of 30.3 percent. As a result of these factors the Philippine operation incurred a net loss of ₱594.5 million for the nine months compared to net income of ₱3,299.5 million in the prior year.

The Korean subsidiaries on the other hand posted a net loss of ₱914.6 million bringing the total consolidated net for the first nine months of 2015 to P1,509.1 million.

The basic loss per share of ₱0.136 for the first nine months of 2015 was a reversal from last year's earnings per share of ₱0.312. The diluted loss per share for 2015 was ₱0.135 and diluted earnings per share for 2014 was ₱0.311 after considering the shares granted under the stock incentive plan.

TRENDS, EVENTS OR UNCERTAINTIES AFFECTING RECURRING REVENUES AND PROFITS

The Group is exposed to a number of trends, events and uncertainties, which affect its recurring revenues and profits of its casino and hotel operations. These include levels of general economic activity, as well as certain cost items, such as labor, fuel and power. The Group collects revenues in various currencies and the appreciation and depreciation of the US or HK dollar and other major currencies against the Philippine peso, may have a negative impact on the Group's reported levels of revenues and profits.

FINANCIAL CONDITION

The table below shows the consolidated condensed balance sheets as of December 31, 2014 and September 30, 2015:

Table 2.6 Consolidated Condensed Balance Sheets

	December 31,	September 30,	% Change
<i>In thousands, except % change data</i>	2014	2015	2014 vs. 2015
Current assets	26,456,842	21,515,436	(18.7%)
Total assets	67,678,095	70,910,804	4.8%
Current liabilities	11,142,161	11,862,274	6.5%
Total interest-bearing debt	32,608,251	37,346,273	14.5%
Total liabilities	41,998,878	47,011,117	11.9%
Equity	25,678,561	23,815,820	(7.3%)
Current assets/total assets	39.09%	30.34%	
Current ratio	2.37	1.81	
Debt-equity ratio ¹	1.64	1.97	
Net debt-equity ratio	0.80	1.22	

¹ Debt includes total liabilities. Equity includes total equity.

Current assets decreased slightly by 18.7 percent to ₱21.5 billion as of September 30, 2015 from ₱26.5 billion as of December 31, 2014. The decline was attributable to lower cash balance after the group completed the acquisition of Jeju Sun and the purchase of land in Muui and Silmi islands in Incheon, South Korea. Receivables were also reduced after Solaire recognized additional provision for certain accounts.

Total assets grew by 4.8 percent to ₱70.9 billion as of September 30, 2015 from ₱67.7 billion as of December 31, 2014. The increase was mainly due to additions to property and equipment, the acquisition of Jeju Sun Hotel & Casino and the purchase of land in Muui and Silmi islands in Incheon, South Korea. The increase in total assets was reduced by the ₱3,595.5 million of depreciation and amortization for the first nine months of 2015.

Current liabilities by the end of September 30, 2015 were higher than as of December 31, 2014 at ₱11.9 billion mainly because of the additional current portion of long-term debt and the first time consolidation of liabilities of Jeju Sun and Solaire Korea amounting to ₱1,248.0 million.

Total liabilities increased by 11.9 percent from ₱42.0 billion as of December 31, 2014 to ₱47.0 billion as of September 30, 2015 due to additional drawdowns from the Expansion Facility amounting to ₱5.2 billion and the first time consolidation of liabilities of Jeju Sun and Solaire Korea.

Total equity as of September 30, 2015 amounted to ₱23.8 billion, 7.3 percent lower compared with ₱25.7 billion reported as of December 31, 2014. The decrease was due to the net loss reported for the first nine months of 2015 amounting to ₱1,509.1 million and the ₱551.6 million cash dividends declared in March 2015.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET

Balance sheet accounts as of September 30, 2015 with variances of plus or minus 5.0 percent against December 31, 2014 balances are discussed, as follows:

Current Assets

1. Cash and cash equivalents decreased as of September 30, 2015 mainly due to the acquisition of Jeju Sun and the purchase of land in Muui and Silmi islands in Incheon, Korea. The decrease was offset by ₱7.1 billion cash flows generated by the

operations in Solaire as well as ₱4.7 billion additional drawdowns from the existing Expansion Facility.

2. Restricted cash decreased by ₱3.1 billion mainly due to fund transfers to operating and project bank accounts.
3. Receivables were lower for the period by 36.9 percent due to additional provision for doubtful accounts amounting to ₱1,667.7 million.
4. Inventories increased by 10.5 percent due mainly to the opening of Sky Tower, which required additional amounts of operating supplies.
5. Prepaid expenses and other current assets decreased by 7.4% mainly due to the amortization of prepaid items.

Noncurrent Assets

6. Advances to contractors decreased by 61.0 percent because of the application of these advances to billings from suppliers and contractor after the completion of Sky Tower.
7. Property and equipment increased by ₱5.7 billion as a result of the completion of Sky Tower and its turn over to Operations, the acquisition of Jeju Sun and the purchase of land in Muui and Silmi islands.
8. Other noncurrent assets increased by 564.9 percent to ₱3.2 billion as of September 30, 2015 mainly due to the acquisition of Jeju Sun which resulted to the recognition of goodwill based on the provisional purchase price allocation.

Current Liabilities

9. Accrued expenses and other current liabilities were higher than as of December 31, 2014 by 1.6 percent mainly because of the first time consolidation of Jeju Sun and Solaire Korea.
10. Current portion of long-term debt increased because of the additional principal due within one year pertaining to the Original Facility.

Noncurrent Liabilities

11. Long-term debt net of unamortized debt discount increased by 13.6 percent to ₱34.8 billion as of September 30, 2015 due to the ₱4.7 billion additional drawdown from the Expansion Facility.
12. Retirement liability increased by 98.9 percent to ₱261.5 million due to the accrual of normal cost for the first nine months of 2015 as well the first time consolidation of Jeju Sun which, contributed ₱94.0 million in retirement liability.

Equity

13. Share-based payment plan increased by 73.6 percent this period because of the recognition of current period's expense.
14. Treasury shares increased by 156.6 percent because additional acquisition of Bloomberry shares to cover maturing SIP shares.
15. Translation adjustment pertains to the net effect of the translation of the financial statements of Jeju Sun.
16. Retained earnings decreased by 131.9 percent due to the net loss reported for the first nine months of 2015 amounting to ₱1,509.1 million and the ₱551.6 million cash dividends declared in March 2015.

LIQUIDITY AND CAPITAL RESOURCES

This section discusses the Group's sources and uses of funds as well as its debt and equity capital profile.

Liquidity

The table below shows the Group's consolidated cash flows for the nine months ended September 30, 2014 and 2015:

Table 2.7 Consolidated Cash Flows

	For the Nine Months Ended September 30		% Change
<i>In thousands, except % change data</i>	2014	2015	2014 vs. 2015
Net cash provided by operating activities	₱5,426,852	₱5,687,739	4.9%
Net cash used in investing activities	(10,258,866)	(9,941,354)	(3.1%)
Net cash provided by financing activities	12,226,630	1,538,368	(87.4%)
Effect of exchange rate changes on cash	67,005	(684,526)	(1121.6%)
Net increase in cash and cash equivalents	7,461,620	(3,399,773)	(145.5%)
Cash and cash equivalents, beginning	6,108,865	21,444,295	251.0%
Cash and cash equivalents, end	₱13,570,485	₱18,044,522	33.0%

Cash and cash equivalents increased as of September 30, 2015 mainly due to ₱7.8 billion cash flows generated by the operations in Solaire as well as ₱4.7 billion additional drawdowns from the existing Expansion Facility. The increase was offset by the acquisition of Jeju Sun and the purchase of land in Muui and Silmi islands in Incheon, Korea.

In the nine months of 2015, the Group managed to register positive cash flows from operating activities of ₱5.7 billion, 5.0 percent higher than last year. The slightly higher cash flow was reduced by additional costs incurred in fully operating Sky Tower as well as the payment of income tax for 2014 and the first half of 2015 totaling ₱2.1 billion.

With the completion of Sky Tower, net cash used in investing activities in 2015 was significantly lower than in 2014. However in 2015, the Group acquired Jeju Sun for ₱2.5 billion and purchased land in Muui and Silmi islands in Incheon, Korea. Total payments made for these properties reached ₱3.5 billion. Investing activities for the first half in Solaire mainly represented full turn over of the remaining areas of Sky Tower.

In the first nine months of 2015 the Group's financing activities were mainly drawdowns from the Expansion Facility totaling ₱4.7 billion and the partial repayment of principal of the Original Facility and interest totaling ₱2.5 billion.

Capital Resources

The table below shows the Group's capital sources as of December 31, 2014 and September 30, 2015:

Table 2.8 Capital Sources

	December 31, 2014	September 30, 2015	% Change 2014 vs. 2015
<i>In thousands, except % change data</i>			
Long-term debt	₱32,608,251	₱37,346,273	14.5%
Equity	25,678,561	23,815,545	(7.3%)
	₱58,286,812	₱61,161,818	4.9%

Total debt and equity grew by 4.9 percent to ₱61.2 billion as of September 30, 2015 from ₱58.3 billion as of December 31, 2014. The increase was the result of the combined effect of the ₱4.7 billion additional drawdown from the Expansion Facility, the ₱1,509.1 million net

loss for the first nine months of 2015 and ₱551.6 million of dividends declared in March 2015.

Please refer to Note 9 of the Notes to Unaudited Condensed Consolidated Financial Statements for the discussion on debt financing.

RISKS

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of the Group's financial instrument will fluctuate due to changes in foreign exchange rates. The Group has recognized in the consolidated statements of comprehensive income net foreign exchange gain of ₱67.0 million in 2015 and ₱67.7 million last year on the revaluation of its foreign currency denominated cash and cash equivalents, restricted cash, receivables and accrued expenses for the nine months ended September 30, 2015 and 2014, respectively.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt with floating interest rates. Variable or floating rate debt is subject to cash flow interest rate risk. Repricing of variable rate debt is done on quarterly intervals.

Prior to the start of commercial operations of Solaire, changes in interest rates on long-term debt has no effect on income before income tax and equity as interests on long-term debt are capitalized as part of "Construction in Progress" under the "Property and Equipment" account in balance sheets.

Liquidity Risk

Liquidity risk is the risk of not meeting obligations as they become due because of an inability to liquidate assets or obtain funding. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

As part of its liquidity strategy, the Group will set aside cash to ensure that financial obligations will be met as they fall due. The Group has cash and cash equivalents and current portion of restricted cash totaling to ₱18.0 billion and ₱21.4 billion as of September 30, 2015 and December 31, 2014, respectively that are allocated to meet the Group's liquidity needs.

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from customers, clients or counterparties that fail to discharge their contracted obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group's maximum exposure to credit risk is equal to the carrying amount of its financial instruments. The Group has no concentration of credit risk

Aging of Receivables

The following summarizes the aging of the Group's receivables as of September 30, 2015:

<i>In thousands</i>	
Current	₱ 1,382,577,887
90 Days	164,285,094
Over 90 Days	3,600,471,176
Total	₱ 5,147,334,156

PART II – OTHER INFORMATION


There is no other information not previously reported in SEC Form 17-C that need to be reported in this section.

SIGNATURES

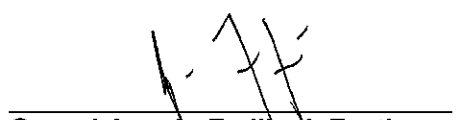
Pursuant to the requirements of Securities and Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **Bloomberry Resorts Corporation**

By:


Estella Tuason Occena
Chief Finance Officer and Treasurer

November 2, 2015


Gerard Angelo Emilio J. Festin
Vice-President - Corporate Controller

November 2, 2015